UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For The Fiscal Year Ended December 31, 2002

OR

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

For the transition period from to

Commission File Number 000-21771

West Corporation

(Exact name of registrant as specified in its charter)

Delaware	**47-0777362**
(State or other jurisdiction of incorporation of organization)	**(IRS Employer Identification No.)**
11808 Miracle Hills Drive, Omaha, Nebraska	**68154**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (402) 963-1500

Securities registered pursuant to Section 12 (b) of the Act: None.
Securities registered pursuant to Section 12 (g) of the Act:

Common Stock, par value $0.01 per share

(Title of class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

At March 3, 2003, 66,210,033 shares of common stock of the registrant were outstanding. The aggregate market value (based upon the closing price of these shares on the NASDAQ National Market at March 3, 2003) of the voting stock held by non-affiliates was approximately $308.6 million.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement for the annual meeting of stockholders to be held on May 15, 2003 are incorporated into Part III.

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ITEM 1. BUSINESS

General

West Corporation (the "Company") is one of the largest independent providers of outsourced customer relationship management, or CRM, and automated voice transaction handling solutions in the United States. The Company enables its clients to completely outsource a full range of services, including processing of customer initiated contacts, automated voice response services and direct marketing services. The Company offers its services over the telephone and the Internet. The Company's services minimize its clients' cost of managing their customer relationships, improve their customers' overall experience, and provide its clients an opportunity to leverage customer data. The Company provides its CRM solutions to Fortune 1000 companies. These services help its clients to effectively communicate with their customers and to acquire and retain customers and to manage, expand and improve their customer relationships.

Founded in 1986 and headquartered in Omaha, Nebraska, the Company operates a national network of 35 state-of-the-art customer contact centers and seven automated voice and data processing centers throughout North America and in Jamaica and India. The Company's website address is www.West.com.

The Company targets clients in highly competitive industries that require sophisticated CRM services, including:

- communications
- Internet
- financial services
- health care
- public utilities
- consumer packaged goods
- direct marketing
- insurance

The Company's management team is among the most experienced in the industry. The Company's executive officers who are responsible for the day-to-day management of the Company have, on average, more than nine years of experience with the Company. Over the last decade, the Company has consistently delivered increasing revenue each year. Revenue has grown from approximately $483 million in 1998 to approximately $821 million in 2002. Net income, while declining approximately $7 million in 2002 from 2001, has grown from approximately $46 million to approximately $69 million over the same period, representing a compound annual growth rate of approximately 14% and 11%, for revenue and net income, respectively. Through 2001, all the Company's growth in revenue and earnings were generated internally. During the year ended December 31, 2002, the Company acquired three businesses.

- Tel Mark Sales, Inc., based in Appleton, Wisconsin, is a provider of outsourced business-to-business telesales services. The stock of Tel Mark Sales, Inc. was acquired on January 1, 2002.
- Dakotah Direct II, LLC, based in Spokane, Washington, is a customer relationship services company that focuses on providing marketing and customer solutions through inbound and outbound services. The membership interests of Dakotah Direct II, LLC were acquired on March 1, 2002.
- Attention LLC, based in Atlanta, Georgia, provides accounts receivable management to clients in various industries. The membership interests of Attention LLC were acquired on August 1, 2002.

The results of operations of the acquired businesses subsequent to their respective acquisition dates are included in the accompanying consolidated balance sheets, statements of operations and statements of cash flows.

Industry Overview

The Company believes that growth in the outsourced CRM services industry will be driven by two factors:

- the trend toward outsourcing of CRM operations to third parties which are able to provide cost-effective, higher levels of service; and
- the increasing use of the telephone and the Internet to acquire and service customers whose expectations of immediate service and access to extensive information have been driven by the growth of the Internet.

The Company's market is large and growing. A 2002 study by Dataquest Inc. estimated that the worldwide CRM services market totaled $22 billion in 2001. According to the study, the market is forecast to total $25.3 billion in 2002, and is expected to remain fairly robust and reach $47 billion by 2006.

According to forecasts prepared in 2001 by International Data Corporation ("IDC"), the worldwide market for outsourced CRM services customer care solutions in which a teleservice company provides clients with call center infrastructure and the trained workforce to staff it was about $35 billion in 2001. Moreover, IDC expects the outsource market to grow at a compound annual growth rate of approximately 21% over the next five years to $90 billion.

In addition, the accounts receivable management business is also growing. According to the 2001 Kaulkin Report, the debt collections industry, as a whole, represents approximately $13 billion in revenue. More importantly the outsourced portion of the industry grew at an accelerated pace of 25% to 30% annually.

Advantages of Outsourcing CRM Services

Many industries, including communications, healthcare, consumer goods, financial services and insurance, are experiencing increased competition to attract and retain customers. Accordingly, businesses in these sectors are expanding their direct contact with current and prospective customers. These businesses are allocating more of their advertising and customer service expenditures to outsource CRM services, which effectively complement other marketing media, such as television, radio and print advertising, and enable businesses to quantify and evaluate the effectiveness of specific marketing expenditures.

Evolution of the Outsourced CRM Services Industry

The outsourced CRM industry has evolved during the past 16 years from primarily single-facility, low technology environments to large, full service organizations with multi-location, large-volume contact centers utilizing advanced systems. Certain independent CRM providers have invested an increasing amount of capital in large-volume state-of-the-art contact centers and advanced network technology. Larger service providers, who can achieve greater economies of scale, can more easily justify ongoing investment in sophisticated call management software, predictive dialers and automatic call distributors, to better provide premium quality and cost-effective services. As product and service offerings become more complex and varied, businesses are seeking to provide greater information for consumers to make informed purchase decisions. Moreover, businesses recognize the economic benefits of expanding relationships with existing customers through outsourcing CRM services, such as customer retention campaigns.

Role of Outsourcing

Historically, businesses have relied on in-house personnel to provide customer sales and service. Based on discussions with its clients and prospective clients, the Company believes that businesses are increasingly outsourcing these activities in order to focus their internal resources on their core competencies, to increase the productivity of their marketing services and to reduce overall expenditures. For example, providers of outsourced CRM services can offer clients lower overall teleservices costs due to economies of scale in sharing the cost of new technology among a larger base of users and higher capacity utilization rates.

Description of Services

The Company is among the few CRM service providers offering a complete portfolio of services with an emphasis on complex transactions that respond to various customer initiated interactions. Through December 31, 2002, the Company provided its CRM and accounts receivable management services through its six integrated divisions—Operator Teleservices, Interactive Teleservices, Direct Teleservices, West Direct, Inc., Tel Mark Sales, Inc. and Attention LLC.

The Operator Teleservices division provides agents who process customer-initiated transactions, such as order capture, product support and general customer service. The Interactive Teleservices division provides technology oriented automated voice response services for customer initiated transactions, consisting of computerized transaction-processing programs, such as automated product information requests, computerized surveys and polling and secure automated credit card activation. The Interactive Teleservices division provides agent-assisted interactive voice response interfaces. The Direct Teleservices division furnishes clients with agents who provide direct marketing services, product sales, and customer acquisition and retention campaigns. The Direct Teleservices division provides specialized integrated customer initiated customer support. West Direct, Inc. is focused on helping the Company's clients maximize the value of every customer interaction with performance based marketing solutions. Tel Mark Sales, Inc. provides outsourced business-to-business telesales services. The operations of Dakotah Direct II, LLC were integrated into Direct Teleservices. Attention LLC provides accounts receivable management to clients in various industries. The Company has developed proprietary technology platforms designed to provide a high degree of automation and reliability in all of its service categories.

Operator Teleservices

The Company offers its clients large volume transaction-processing capabilities, including order processing, customer acquisition and customer service applications. The Company focuses on two service offerings, Custom Operator Services and Direct Response Services.

Custom Operator Services. Many companies find it increasingly difficult to provide high quality customer service without diverting resources from their core businesses. The Company addresses these concerns by providing customized solutions with dedicated agents who have extensive knowledge of a single client and its products. The Company works closely with each client to understand its customer contact needs and jointly develops solutions that enhance its customers' contact experience and value. Examples of such solutions include:

- customer acquisition;
- customer service;
- product support; and
- technical support.

Customers of clients initiate their interaction with Custom Operator Services using their telephone or the Internet. Depending upon the nature of the interaction, the customers of clients may be directed to an agent or an automated voice response system.

The Company's performance is measured based on the critical success factors identified by its clients. These success factors are program specific, such as response time, average length of customer interaction, average speed of answering the customer initiated contact, quality and successful resolution of the customer's concerns in a single transaction.

Direct Response Services. Direct Response Services focuses on maximizing the Company's clients' sales potential and, at the same time, lowering their cost per order. The Company's agents typically process telephone order capture, sales lead generation, dealer referral and other information gathering campaigns. The Company's agents are trained on a sophisticated proprietary system that enables each of them to process transactions for all of the Company's Direct Response clients. Agents receive transactions for one of hundreds of different products at any given time. The Company handles transactions 24 hours per day, 365 days per year. The Company's clients measure service quality by the Company's ability to process a large volume of simultaneous incoming calls and to minimize the number of calls that receive a busy signal. The transaction volume is primarily generated from television advertisements and the Company, therefore, handles extreme fluctuations in transaction volumes over short periods of time.

West Direct, Inc. ("West Direct") is a performance based marketing and technology company that was developed internally over the past three years which is focused on helping the Company's clients maximize the value of every customer interaction. At West Direct's core is a patent protected process (U.S. Patent number 6,055,513, awarded in April 2000) that drives a real-time decision on how to optimize an offer to a customer. Rather than starting with a product or service and finding a customer to offer it to, the sophisticated marketing decision platform helps match customers with the offer that is best suited for them. This non-traditional marketing approach addresses the needs of many companies to personalize their marketing efforts and develop closer relationships with customers. The ability to match the best product or service with the needs of individual customers delivers quantifiable results and drives incremental revenue to the Company, its clients and its marketing partners.

West Direct is currently focused on serving the needs of four key vertical markets, direct response, financial services, telecommunications and utilities. West Direct has the ability to work directly with companies who manage their own transactions in contact centers or on the Internet. These companies can benefit by transferring their calls to a Company facility whereby the decision support system and performance based marketing process can maximize the value of their customer interactions.

Interactive Teleservices

The Company provides large volume automated voice response services that the Company customizes for its clients. The Company has developed state-of-the-art proprietary software systems and hardware platforms to service its clients. The Company often provides these services with its other service offerings.

The use of this automated system enhances the Company's other service offerings by processing routine customer transactions while routing the more complicated customer interaction to an appropriate agent. This results in a cost-effective solution for the client. Examples of such applications include:

- secure automated credit card activation;
- prepaid calling card services;
- automated product information requests;
- answers to frequently asked questions; and
- call routing and call transfer services.

The Interactive Teleservices division strives to remain on the leading edge of technology by incorporating new functions such as common language speech recognition. As of December 31, 2002, the Company maintained 151,759 voice response ports for simultaneous transaction processing.

Direct Teleservices

The Company offers direct marketing services, including product sales, customer acquisition and retention campaigns. Direct Teleservices focuses exclusively on providing direct marketing services for leading brand products. The Company focuses on two service offerings, Consumer Direct Services and Business Direct Services.

Consumer Direct Services. Consumer Direct Services provides business-to-consumer marketing services. Client applications include product sales, product registration, customer acquisition and retention campaigns, sales lead generation and database enhancement.

The Company contacts consumers identified by its client as existing or potential customers. Integrated call processing systems using large-scale predictive dialers systematically call these consumers and transfer successful connections to a designated agent. As a call is presented to the agent, the consumer's name, address and other available information are simultaneously presented along with the client's customized script provided to the agent.

Business Direct Services. Business Direct Services provides business-to-business marketing services for clients whose target markets include thousands of small to medium-sized businesses. These applications are designed to enhance and increase the Company's clients' databases of information about their current and prospective clients, schedule appointments for their regional and national sales forces, and sell services to accounts that may not warrant a face-to-face sales presentation.

Tel Mark Sales, Inc.

Beginning in 1988, as a sales brokerage firm focusing on the consumer packaged goods industry, Tel Mark Sales, Inc. provides outsourced telesales programs. Deploying state-of-the-art telephony, Tel Mark Sales, Inc. reduces clients' cost of sales while increasing customer loyalty with a focus on quality and sales performance.

Originally focused on selling to smaller and medium sized accounts in the consumer packaged goods industry, Tel Mark Sales, Inc.'s business-to-business sales model has expanded to encompass sales and customer service activities across a wide spectrum of industries including healthcare, insurance, consumer response, food service, lead management and market surveys. The Company acquired Tel Mark Sales, Inc. on January 1, 2002.

Attention LLC

Attention LLC was formed in 1999 to provide accounts receivable management to companies in various industries including healthcare, financial services and retail. The President of Attention LLC has 28 years of experience in the collection industry. The Company acquired Attention LLC on August 1, 2002.

Company Strategy

The Company aims to remain a leading full-service provider of integrated voice and Internet solutions. The Company's strategy is to offer a fully integrated portfolio of services that is customized to address each client's unique needs and that continues to improve the quality and cost-effectiveness of its clients' customer service and marketing operations. The Company strives to implement this strategy through the following:

I. Build Long-Term Client Relationships by Providing Quality Services

The Company believes that service quality is a critical factor in a potential client's decision to outsource its customer service and sales functions. The Company differentiates the quality of its services through its ability to:

- quickly respond to new client programs;
- efficiently address staffing needs;
- effectively employ operating systems that can process client campaign data; and
- provide meaningful reports.

The Company provides premium quality services through an extensive training program and an experienced management team. The Company believes that the quality of its service is one of its competitive advantages.

The Company's focus is on developing long-term client relationships. The Company develops a detailed understanding of each of its client's specialized business requirements to more effectively manage interaction with its clients' current and prospective customers. This process enables the Company to create customized solutions that consistently meet and exceed the Company's clients' needs, minimizing client turnover. As a result, the Company is better positioned to cross-sell its services and proactively offer new applications. The Company's top 10 clients have been using its services for an average of seven years.

II. Provide Fully Integrated Service Solutions

The Company develops customized and integrated service solutions that incorporate all of its resources. The Company integrates its service offerings by using its voice and data networking technology and its software systems and hardware platforms. The Company also designs and implements highly flexible applications, combining the large volume capacity of automated voice response with its specialized agent services. Integration of its services provides a cost-effective, comprehensive solution for the client and increases the effectiveness of its agents.

The Company believes that its integrated services give it a significant competitive advantage. By cross-selling integrated services, the Company has been able to capture an increasing share of its clients' outsourced business. For the year ended December 31, 2002 the Company generated over 67% of its revenue from clients that use two or more of its service offerings.

III. Manage Profitable Growth through Recurring and Large Volume Programs

The Company has established a strong track record of successfully managing large volume client programs. The Company's growth strategy is to target clients with large volume programs where it has both technological and personnel expertise. For example, the Company's prepaid calling card platform processed over 18.5 billion minutes in 2002, up from approximately 500 million minutes in 1998. As a result, the Company's business is more predictable and the Company can maintain consistent revenue streams. The Company generally seeks growth-oriented clients who need customized applications, which often leads to long-term relationships.

IV. Capitalize on State-of-the-Art Technology

The Company's state-of-the-art technology enables it to offer premium quality, flexible and cost-effective service solutions tailored to each client's needs. The Company believes its significant and continuing investment in sophisticated contact center technology provides a competitive advantage. The Company currently employs approximately 870 information technology professionals to modify and enhance its operating systems and to design client programs. Examples of the Company's technology include:

- computer/telephone and Internet protocol (IP) systems integration;
- proprietary CRM software systems;
- proprietary interactive voice response technology including Advanced Speech Recognition;
- high speed, fault-tolerant computer systems; and
- proprietary staffing and scheduling.

The Company continually strives to improve its technological capabilities.

V. Leverage Strong Management Experience

The Company believes it has distinguished itself through its ability to attract and retain some of the most talented managers in the outsourced CRM industry. The Company's management team possesses extensive experience. The Company's executive officers, who are responsible for the day-to-day management of the Company have, on average, more than nine years of experience with the Company. The members of the management team have continued to contribute to the development of the industry. The management team of Attention LLC has experience managing collection companies 5 to 10 times larger than the present size of Attention LLC.

Contact Management Systems

The Company specializes in processing large and recurring volumes on behalf of its clients. The Company's ability to consistently staff and manage its agents, across geographically dispersed contact centers, is critical to providing premium quality service. The Company applies standardized practices in all contact centers to ensure uniform quality of service. The Company maintains strong centralized control to assure rigorous adherence to the Company's management practices, including quality assurance, and to provide daily staffing plans for each individual site.

The Company continuously evaluates the performance of its agents to ensure that the Company achieves its internal and its clients' quality standards. The Company's quality assurance testing includes monitoring of the agent/consumer contacts. In addition, the Company measures its performance against objective standards such as average handle time, average response time, sales per hour and conversion percentages. The Company encourages its clients to participate in all aspects of the quality assessment.

The Company's multiple remote sites present unique challenges in delivering consistent premium quality service. The Company's Network Control Center, based in Omaha, Nebraska which is operated 24 hours a day, 365 days a year, uses both internal and external systems to effectively create and operate this remote site environment. The Company allocates transactions, whenever possible, based upon agent availability across all contact centers servicing customer-initiated transactions, and can remotely adjust staffing requirements based upon projected volume. The Network Control Center is in constant communication with the site operations personnel to ensure efficient use of the available personnel and to maximize utilization of assets. During times of unexpected events, such as weather-related situations, the Company can immediately react and, whenever possible, redirect transactions to an unaffected site to satisfy the Company's clients' business needs.

Facilities and Service Fortification

The Company recognizes the importance of providing uninterrupted service for its clients. The Company has invested significant resources to develop, install and maintain facilities and systems designed to be highly reliable. All of the Company's service facilities and systems are designed to maximize system in-service time and minimize the possibility of telecommunications outage, commercial power loss or equipment failure. The Company believes that this level of reliability provides an important and necessary competitive advantage.

The Operator Teleservices Direct Response division utilizes redundant network architecture, which substantially reduces the possibility of a system failure and the interruption of telecommunications service. Most contact centers are serviced by dual central office switches, providing split access flexible egress routing capabilities, as well as backup access into each facility, using dual fiber ring SONET-based self-healing network architectures. Most telephone numbers directed to a Company contact center are appended with dual routing instructions in the event of an error on the primary network path. These capabilities allow incoming calls to be redirected via an alternate long distance switch and/or through a backup access line in the unlikely event of a long distance or local network failure.

The Company's systems also feature operational redundancy. The Company uses automatic call distributors with dual processors and online automatic backup and fault-tolerant mainframe computers with spontaneous dual backup for all processors, disk management and mechanical functions. Copies of all proprietary Company software systems and client application software reside in a secure off-site storage facility. The Company actively monitors all critical components of its contact centers 24 hours per day, 365 days per year. The Operator Teleservices and Interactive Teleservices divisions' facilities also have stand-alone primary power systems, which include both battery backup and diesel generator backup power systems.

Personnel and Training

The Company believes that a key component of its success is the quality of its employees. As a large-scale service provider, the Company is continually refining its approach to recruiting, training and managing its employees. The Company has established procedures for the efficient weekly hiring and training of hundreds of qualified employees. These procedures, coupled with the Company's proprietary scheduling system, enable the Company to provide flexible scheduling and staffing solutions to meet a client's needs for additional resources.

The Company offers extensive classroom and on-the-job training programs for personnel, including instruction regarding call-processing procedures, direct sales techniques, customer service guidelines, telephone etiquette and proper use of voice inflections. Operators receive professional training lasting from four to 35 days, depending upon the client's program and the nature of the services being provided. In addition to training designed to enhance job performance, employees are also given a detailed description of the Company's organizational structure, standard operating procedures and business philosophies.

In 2002, the Company employed an average of approximately 20,500 agents per day for its agent contact services with peak employment of approximately 21,600 agents per day. In addition, the Company employed, as of December 31, 2002, approximately 3,500 management, staff and administrative employees. The Company considers its relations with its employees to be good.

Call Management Systems

The Company specializes in processing large and recurring transaction volumes. The Company works closely with its clients to accurately project future transaction volumes. The Company uses the following practices to efficiently manage its transaction volumes:

Historical Trends Analyses. The Company tracks weekly, daily and hourly trends for individual client programs for Operator Teleservices, Interactive Teleservices and Direct Teleservices. The Company believes that the key to a cost efficient CRM program begins with the effective planning of future volumes to determine the optimal number of sites, employees, workstations and voice response ports that need to be deployed each hour. The Company has accumulated the data necessary to differentiate the transaction patterns of different applications such as order capture, lead generation and customer service.

Forecasting Call Volumes/Establishing Production Plans. Volumes in Operator Teleservices are forecasted for each one-half hour increment for each day. Detailed assumptions are made regarding average handle time, average wait time, average speed of answer and service level targets to determine the actual number of transactions that may be processed by a workstation or voice response port during a specific one-half hour increment. This process enables the Company to effectively determine the number of workstations and voice response ports needed for a given campaign.

Staffing and Scheduling Plans. Based upon the total number of workstations required to be staffed, a detailed schedule is created. These schedules are typically forecasted six to eight weeks in advance to assist the Company's personnel and training departments in hiring and training the desired number of personnel. Agents are given regular work schedules that are designed to coincide with anticipated transaction patterns and trends.

The Company has developed a proprietary scheduling system that efficiently identifies variances between staff scheduled and staff needed. The system accommodates real-time adjustments to be made for personnel schedules as volume projections fluctuate. Agent personnel directly interact with the system to schedule additional hours or excused time.

Facility Calling Plan. Once staffing and scheduling plans have been developed, the Company determines how to efficiently allocate the projected volumes among its contact centers. Each contact center receives a detailed plan outlining the projected volumes for each day of the week and each 30-minute increment of each day. Personnel schedules are produced to optimally match the projected volumes.

Network Control. The Company interfaces directly with the nationwide long distance network of AT&T Corp. ("AT&T") and has the ability to allocate volumes among its various Operator Teleservices and Interactive Teleservices contact centers on command with the assistance of sophisticated third party routing products. Traffic control specialists within the Company are responsible for comparing actual volumes and trends to stated staffing and scheduling plans. When necessary, adjustments can be made to fine tune minor variances between actual volumes and personnel that have been scheduled by facility. As a result, Operator Teleservices transactions are optimally directed to available personnel, which maximizes the utilization of personnel and improves efficiency. Network control monitors the status of all Operator Teleservices processing activities on a minute-by-minute basis. Minor real time variances between projected and actual trends are promptly entered into the Company's database and the transaction management cycle repeats.

Technology/Systems Development

The Company's software and hardware systems, as well as its network infrastructure, are designed to offer high-quality and integrated solutions. The Company has made significant investments in reliable hardware systems. The Company integrates commercially available software when appropriate. Because its technology is client focused, the Company relies on proprietary software systems to customize its services. The Company's significant achievements include:

- development of sophisticated data collection tools and data warehousing systems to analyze and measure the success of clients' programs;
- design of a proprietary system that web-enables its workstations, enhancing its agents' effectiveness in interacting with its clients' customers;
- development of a proprietary, highly responsive scripting system; and
- development of a proprietary, state-of-the-art workforce management and scheduling system.

The Company's network facilities and systems are designed to maximize system in-service time and minimize the possibility of failure. The Company's infrastructure is designed to reduce the possibility of system or site downtime or interruption of the telecommunications service.

All software systems and hardware platforms for Operator Teleservices, Interactive Teleservices and Direct Teleservices permit the design and execution of highly integrated service offerings. All systems provide clients with the ability to directly interface and communicate with the Company's systems.

Quality Assurance

By the nature of its services, the Company establishes direct contact with the customer base of its clients. Given the importance of this role, the Company believes that its reputation for providing premium quality service is critical. Both the Company and its clients shadow-monitor and evaluate the performance of agents to confirm that clients' programs are properly implemented using clients' approved scripts and that the agents meet clients' customer service standards. The Company regularly measures the quality of its services by reviewing such variables as average handle time, volume, average speed of answer, sales per hour, rate of abandonment, collection rates, quota attainment and order conversion percentages. The Company's information systems enable the Company to provide clients with regular reports on a real-time basis as to the status of an ongoing campaign and to transmit summary data and captured information electronically to clients.

The Company maintains a quality assurance department for each of the agent-based divisions that are responsible for the overall quality of the services being provided. The Company uses statistical summaries of the performance appraisal information for its training and operations departments to provide feedback and to identify agents who may need additional training.

Sales and Marketing

The Company's sales and marketing strategy focuses on leveraging the Company's expertise, integrated service capabilities and reputation for premium quality service in order to cross-sell its services to existing clients and to develop new long-term client relationships. The Company also identifies potential new clients with aggressive growth objectives and premium brands in industries that face increased competition. The Company can offer clients large-scale, cost-effective solutions on an outsourced basis to help companies acquire, retain and grow their customer relationships.

The Company formulates detailed annual sales and marketing plans. These plans contain objectives and milestones, which are tracked regularly throughout the year. The sales organization is a group of sales professionals organized and trained to focus on specific industries and overall client needs. The objective is to sell integrated solutions to prospective and existing clients. Commissions are paid on both new sales and incremental revenues generated from new and existing clients to provide the appropriate incentives for the sales professionals. Once a client campaign is initiated, a client services account manager is responsible for the daily management of the campaign.

Competition

The Company's competitors range from very small firms catering to specialized programs and short-term projects, to large independent firms. The Company also competes with the in-house operations of many existing clients and potential clients. The Company believes that only one or two competitors have the capability to provide a full suite of outsourced CRM. The principal competitive factors in this industry include: quality of service, range of service offerings, flexibility and speed of implementing customized solutions to meet clients' needs, capacity, industry-specific experience, technological expertise and price.

Proprietary Rights and Licenses

The Company has made significant investments in the development of its proprietary software systems and hardware platforms. The Company relies on a combination of the protections provided by applicable copyright, patent, trademark and trade secret laws, as well as on confidentiality procedures, to establish and protect its proprietary rights. The Company has been issued two patents and has 33 pending patent applications pertaining to intelligent upsells, transaction processing, call center and agent management, data collection, reporting and verification, micro payments and credit card processing. The Company does not license any of its software or hardware designs for use by others. Despite these precautions, there can be no assurance that misappropriation of the Company's proprietary software and hardware designs will not occur. Although the Company believes that its intellectual property rights do not infringe upon the proprietary rights of third parties, there can be no assurance that third parties will not assert infringement claims against the Company. Further, there can be no assurance that intellectual property protection will be available in certain foreign countries.

Reliance on Major Clients

A significant portion of the Company's revenue is generated from relatively few clients. The loss of the largest client or a number of its largest clients could have a material adverse effect on the Company. The Company had one customer, AT&T, who accounted for 25% of total revenue for the year ended December 31, 2002. The revenue generated by AT&T results from over 45 programs which utilize platforms with three of the Company's divisions. During 2002, AT&T divested two business units. Excluding these business units, AT&T accounted for 19% of 2002 annual revenues. The Company's 48 largest clients in the aggregate accounted for approximately 80% of the Company's revenue in 2002. The Company generally operates under contracts with these clients which may be terminated on 30 days' notice and generally the contracts are for a term of less than one year. Subsequent contracts may be subject to open bidding among the Company and its competitors.

Foreign Operations

On December 31, 2002 the Company had no material revenue or assets outside the United States. The Company operates under contractual arrangements for workstation capacity in India and Jamaica. The contracts are denominated in U.S. dollars. These call centers are receiving or initiating calls only from or to customers in the United States. The Company has no direct management or ownership of the personnel or assets at these foreign locations. These sites do not currently have dedicated customers. Therefore, the particular programs or campaigns run at these sites could easily be moved to U.S. operations.

Government Regulation

Teleservices sales practices are regulated at both the federal and state level. The Telephone Consumer Protection Act ("the TCPA"), which was enacted in 1991, authorized and directed the Federal Communications Commission (the "FCC") to enact rules to regulate the telemarketing industry. In December 1992, the FCC enacted rules, which place restrictions on the methods and timing of telemarketing sales calls.

The FCC is currently in the process of considering amending its rules under the TCPA restricting certain telemarketing methods and activities. In September 2002, the FCC issued a notice of proposed rulemaking in which it sought public comment on whether to revise or clarify its rules governing unwanted telephone solicitations and the use of automatic telephone dialing systems, prerecorded or artificial voice messages, and telephone facsimile machines. The FCC also sought specific comment on the issue of a national "do not call" list and whether it should adopt such a list in conjunction with the Federal Trade Commission (the "FTC"). The Company participated with various industry groups to submit comments to the FCC. No further actions or announcements have been made by the FCC in connection with the possible amendment of its rules under the TCPA.

The Federal Telemarketing Consumer Fraud and Abuse Act of 1994 authorizes the FTC to issue regulations designed to prevent deceptive and abusive telemarketing acts and practices. The FTC issued its Telemarketing Sales Rule (the "TSR"), which went into effect in January 1996. The TSR applies to most direct teleservices telemarketing calls and certain operator teleservices telemarketing calls and generally prohibits a variety of deceptive, unfair or abusive practices in telemarketing sales.

The FTC recently significantly amended the TSR, and the revised regulations were published on January 29, 2003. The majority of the amendments become effective March 31, 2003. The changes that were adopted that could materially adversely affect the Company, the Company's clients and/or the Company's industry include: (1) subjecting a portion of the Company's inbound calls to additional disclosure requirements from which such calls were previously exempt; (2) prohibiting the disclosure or receipt, for consideration, of unencrypted consumer account numbers for use in telemarketing; (3) application of the TSR to charitable solicitations; (4) additional disclosure statements relating to certain products and services; (5) additional authorization requirements for payment methods that do not have consumer protections comparable to those available under the Electronic Funds Transfer Act or the Truth in Lending Act, or for telemarketing transactions involving pre-acquired account information and fee-to-pay conversion offers; (6) institution of a national "do-not-call" registry; (7) limitations on the use of predictive dialers for outbound calls; and (8) additional disclosure requirements relating to upsells, especially those involving negative option features. The "do-not-call" restrictions are expected to become effective approximately seven months after the FTC receives funding from Congress and awards a contract to create the registry. The Company is taking the necessary steps to ensure compliance with the amendments.

Some of the amendments to the TSR could severely restrict and potentially prohibit the Company and its clients from conducting upsell telemarketing campaigns. Such campaigns represent a significant portion of the Company's and its clients' businesses, the loss of which could have a material adverse effect on the Company.

In addition to the federal legislation and regulations, there are numerous state statutes and regulations governing telemarketing activities, which do or may apply to the Company. For example, some states place restrictions on the methods and timing of telemarketing calls and require that certain mandatory disclosures be made during the course of a telemarketing call. Some states also require that telemarketers register in the state before conducting telemarketing business in the state. Many of these statutes have an exemption for publicly-traded companies.

The Company employees who are involved in certain types of sales activity, such as activity regarding insurance or mortgage loans, are required to be licensed by various state commissions or regulatory bodies and to comply with regulations enacted by those entities.

The industries served by the Company are also subject to varying degrees of government regulation, including laws and regulations relating to contracting with the government and data security. The Company is subject to some of the laws and regulations associated with government contracting as a result of the Company's contracts with its clients. With respect to marketing scripts, the Company relies on its clients and their advisors to develop the scripts to be used by the Company in making consumer solicitations on behalf of its clients. The Company generally requires its clients to indemnify the Company against claims and expenses arising with respect to the scripts provided by its clients.

The Company specifically trains its marketing representatives to handle calls in an approved manner and believes it is in compliance in all material respects with all federal and state telemarketing regulations. There can be no assurance, however, that the Company would not be subject to regulatory challenge for a violation of federal or state law.

The accounts receivable management and collection business of Attention LLC is regulated both at the federal and state level. The federal Fair Debt Collection Practices Act (the "FDCPA") regulates any person who regularly collects or attempts to collect, directly or indirectly, consumer debts owed or asserted to be owed to another person. The FDCPA establishes specific guidelines and procedures that debt collectors must follow in communicating with consumer debtors, including the time, place and manner of such communications. Further, it prohibits harassment or abuse by debt collectors, including the threat of violence or criminal prosecution, obscene language or repeated telephone calls made with the intent to abuse or harass. The FDCPA also places restrictions on communications with individuals other than consumer debtors in connection with the collection of any consumer debt and sets forth specific procedures to be followed when communicating with such third parties for purposes of obtaining location information about the consumer debtor. Additionally, the FDCPA contains various notice and disclosure requirements and prohibits unfair or misleading representations by debt collectors. Attention LLC is also subject to the Fair Credit Reporting Act (the "FCRA"), which regulates the consumer credit reporting industry and which may impose liability to the extent that the adverse credit information reported on a consumer to a credit bureau is false or inaccurate. The FTC has the authority to investigate consumer complaints against debt collection companies and to recommend enforcement actions and seek monetary penalties. The accounts receivable management and collection business is also subject to state regulation. Some states require that debt collection companies be licensed.

Several of the industries served by Attention LLC are also subject to varying degrees of government regulation. Although compliance with these regulations is generally the responsibility of the clients, Attention LLC could be subject to a variety of enforcement or private actions for our failure or the failure of our clients to comply with such regulations.

ITEM 2. PROPERTIES

As of December 31, 2002, the Company operated 35 large volume, automated customer contact facilities and seven large volume, automated voice and data processing centers. These facilities consisted of 14,230 computer-assisted workstations and 151,759 voice response ports, respectively. The Company occupied approximately 1,801,000 square feet of office space at December 31, 2002. The Company's most significant facilities are located in Omaha, Nebraska and San Antonio, Texas with 1,220 and 2,158 computer assisted workstations, respectively, and 25,269 and 2,608 voice response ports, respectively. A facility in Atlanta, Georgia also contains 74,100 voice response ports. The India and Jamaica locations are operated under three-year and five-year contracts, respectively. Upon expiration of the India contract, the Company has an option to buy the contact center and related assets. All of the other facilities other than facilities located in San Antonio, Texas; El Paso, Texas; Pensacola, Florida; and Carbondale, Illinois (which are owned) are leased. The Company also owns 125,000 square feet of office space in a corporate headquarters building in Omaha, Nebraska. During the first quarter of 2001, the Company executed synthetic lease agreements for two buildings. A special purpose trust owns both buildings and leases these to the Company. The leases are for a 34,000 square foot office building in San Antonio, Texas and a 158,000 square foot office building in Omaha, Nebraska. The leases have five-year terms with three renewal options of five years each.

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The following table summarizes the geographic location of and the number of computer-assisted telephone workstations or voice response ports by geographic region at the Company's contact centers as of December 31, 2002.

Geographic Location Of Contact Centers	Number of Computer Assisted Workstations	Number of Voice Response Ports
South	8,577	77,452
Midwest	3,144	26,209
Northwest	926	—
West	508	48,098
Northeast	448	—
Total U.S. based	13,603	151,759
Foreign	627	—
Total	14,230	151,759

The Company believes that its facilities are adequate for its current requirements and that additional space will be available as required. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and Item 8. Financial Statements and Supplementary Data included elsewhere in this Annual Report on Form 10-K for information regarding the Company's obligations under its facilities leases.

ITEM 3. LEGAL PROCEEDINGS

From time to time, the Company is subject to lawsuits and claims which arise out of its operations in the normal course of its business. The Company and certain of its subsidiaries are defendants in various litigation matters in the ordinary course of business, some of which involve claims for damages that are substantial in amount. The Company believes, except for the items discussed below for which the Company is currently unable to predict the outcome, the disposition of claims currently pending will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

Brandy L. Ritt, et al. v. Billy Blanks Enterprises, et al. was filed in January 2001 in the Court of Common Pleas in Cuyahoga County, Ohio, against two of the Company's clients. The suit, a purported class action, was amended for the third time in July 2001 and the Company was added as a defendant at that time. The suit, which seeks statutory, compensatory, and punitive damages as well as injunctive and other relief, alleges violation of various provisions of Ohio's consumer protection laws, negligent misrepresentation, fraud, breach of contract, unjust enrichment and civil conspiracy in connection with the marketing of certain membership programs offered by the Company's clients. On February 6, 2002 the court denied the plaintiffs' motion for class certification. On March 7, 2002, the plaintiffs filed an interlocutory appeal to the 8th District Court of Appeals for the state of Ohio. Oral arguments were heard on December 4, 2002 and the Company is awaiting a decision from the Court.

Patricia Sanford v. Memberworks Incorporated, et al., pending in the United States District Court, Southern District of California, Case No. 02CV0601H was filed on March 28, 2002. West Corporation and West Telemarketing Corporation, are named as defendants in the plaintiff's class action complaint. The other defendants include Memberworks Incorporated, MWI Essentials, MWI Leisure Advantage, MWI Home & Garden, MWI Connections and MWI Valuemax. The complaint alleges that class members were sold club memberships by misleading means or billed for club memberships they did not purchase as a part of an upsell offer after ordering another product. The plaintiff asserts four separate claims. The plaintiff claims the defendants mailed unordered merchandise to the plaintiff and the similarly situated class members in violation of 39 USC § 3009. The plaintiff also seeks declaratory relief granting the plaintiff the right to keep any unordered merchandise as a gift. The plaintiff has also asserted claims for conversion, unjust enrichment and fraud. The purported class is composed of all persons in the United States who, after calling a telephone number to inquire about or purchase another product, (1) were sent a membership kit in the mail; (2) were charged for a Memberworks membership program; and (3) were customers of a joint venture between Memberworks and the Company or were wholesale customers of the Company. The Company filed a motion to dismiss for lack of personal jurisdiction, which was denied. The Company joined with Memberworks Incorporated on a motion to dismiss on various other grounds. On July 12, 2002, this motion to dismiss was granted. On September 12, 2002, the plaintiff filed a petition to arbitrate the claims with the American Arbitration Association's Fresno, California office. Despite the fact that the District Court's order on July 12, 2002 explicitly held that the plaintiff's claims against West Corporation and West Telemarketing Corporation were not subject to mandatory arbitration, the plaintiff named the Company and West Telemarketing Corporation as defendants in the arbitration. The Company believes that West Corporation and West Telemarketing Corporation are not proper defendants in the arbitration and that the American Arbitration Association lacks jurisdiction over West Corporation and West Telemarketing Corporation. On September 25, 2002, the Company sent a letter to the American Arbitration Association detailing this position. The American Arbitration Association determined that the arbitration should go forward without West Corporation and West Telemarketing Corporation as parties. However, the American Arbitration Association indicated that it may consider West Corporation or West Telemarketing Corporation necessary parties in the future.

Patricia Sanford v. West Corporation et al., pending in the California Superior Court, San Diego County, Case No. GIC805541, was filed on February 13, 2003. West Corporation and West Telemarketing Corporation are named as defendants in the plaintiff's class action complaint. The factual allegations are identical to those in the U.S. District Court Sanford case. The definition of the purported class is also identical. The complaint alleges violations of the California Consumer Legal Remedies Act, California Civ Code § 1750 et seq.; unfair business acts in violation of California Business and Professions Code § 17200 et seq.; untrue or misleading advertising in violation of California Business and Professions Code § 17500 et seq.; and common law claims for conversion, unjust enrichment, fraud and deceit, and negligent misrepresentation. The complaint seeks monetary damages, including punitive damages, as well as injunctive relief. The Company's response to the complaint is due on March 25, 2003.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted to a vote of security holders in the fourth quarter of the fiscal year covered by this report.

EXECUTIVE OFFICERS OF THE REGISTRANT

The executive officers of the Company are as follows:

Name	Age	Position
Gary L. West	57	Chairman of the Board and Director
Mary E. West	57	Vice Chair of the Board, Secretary and Director
Thomas B. Barker	48	President, Chief Executive Officer and Director
Nancee R. Berger	42	Chief Operating Officer
Paul M. Mendlik	49	Executive Vice President—Chief Financial Officer and Treasurer
Michael E. Mazour	42	Executive Vice President—Direct Teleservices
Mark V. Lavin	44	President—Operator Teleservices
Steven M. Stangl	44	President—Interactive Teleservices
Todd B. Strubbe	39	President, Chief Executive Officer—West Direct
Michael M. Sturgeon	41	Executive Vice President—Sales and Marketing
Jon R. Hanson	36	Executive Vice President—Administrative Services and Chief Administrative Officer

Gary L. West co-founded WATS Marketing of America (“WATS”) in 1978 and remained with that company until 1985. Mr. West joined the Company in July 1987 after the expiration of a noncompetition agreement with WATS. Mr. West has served as Chairman of the Board since joining the Company. Mr. West and Mary E. West are husband and wife.

Mary E. West co-founded WATS and remained with that company until 1985. In January 1986, she founded the Company. Mrs. West has served as Vice Chair of the Company since 1987. Mrs. West and Mr. West are wife and husband.

Thomas B. Barker joined the Company in 1991 as Executive Vice President of Interactive Teleservices. Mr. Barker was promoted to President and Chief Operating Officer of the Company in March 1995. Mr. Barker was promoted to President and Chief Executive Officer in September 1998.

Nancee R. Berger joined Interactive Teleservices in 1989 as Manager of Client Services. Ms. Berger was promoted to Vice President of Interactive Teleservices in May 1994. She was promoted to Executive Vice President of Interactive Teleservices in March 1995, and to President of Interactive Teleservices in October 1996. She was promoted to Chief Operating Officer of the Company in September 1998.

Paul M. Mendlik joined the Company in 2002 as Executive Vice President—Chief Financial Officer and Treasurer. Prior to joining the Company, he was a partner in the accounting firm of Deloitte & Touche LLP from 1984 to 2002.

Michael E. Mazour joined the Operator TeleServices division in 1987 as Director—Data Processing Operations. In 1990, Mr. Mazour was promoted to Vice President—Information Services of the Company’s Direct TeleServices division and again to Senior Vice President—Client Operations in 1995. In 1997, Mr. Mazour was promoted to Executive Vice President—Direct TeleServices and in July 2000, Mr. Mazour assumed full operations responsibility for this division.

Mark V. Lavin joined the Company in 1996 as Executive Vice President—Operator Teleservices. In September 1998, Mr. Lavin was promoted to President—Operator Teleservices. From 1991 until 1996, he held various management positions in reservation services for Radisson Hospitality Worldwide.

Steve M. Stangl joined Interactive Teleservices in 1993 as Controller. Mr. Stangl was promoted to Vice President of Accounting in 1996. He was promoted to Executive Vice President—Interactive Teleservices in September 1998. Mr. Stangl was promoted to President—Interactive Teleservices in September 2000.

Todd B. Strubbe joined West Direct in 2001 as President and Chief Executive Officer. He most recently was President and Chief Operating Officer of CompuBank, N.A., from 2000 prior to its sale of customers and deposits in 2001 to NetBank. He was with First Data Corporation from 1995 to 2000, where he was Managing Director, Systems Architecture and Product Development for its $1.4 billion division, First Data Resources. Prior to this, Mr. Strubbe was President of First Data’s Electronic Payments Group and Vice President of Corporate Planning and Development.

Michael M. Sturgeon joined the Company in 1991 as a National Account Manager—Interactive Teleservices. In September 1994, Mr. Sturgeon was promoted to Vice President of Sales and Marketing—Interactive Teleservices. In March of 1997, Mr. Sturgeon was promoted to Executive Vice President—Sales and Marketing for the Company.

Jon R. (Skip) Hanson joined the Company in 1991 as a Business Analyst. Mr. Hanson was promoted to Vice President, Corporate Administrative Services in June 1996. In October 1999, he was promoted to Chief Administrative Officer and Executive Vice President—Administrative Services.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

On December 2, 1996, the Company completed the initial public offering (the "Initial Public Offering") of its shares of common stock, par value $0.01 per share (the "Common Shares"). The Common Shares are listed on the NASDAQ National Market under the symbol "WSTC." The following table sets forth, for the periods indicated, the high and low sales prices of the Common Shares as reported on the NASDAQ National Market.

2001	High	Low
First Quarter	$ 31.375	$ 18.50
Second Quarter	$ 29.18	$ 19.875
Third Quarter	$ 27.40	$ 16.59
Fourth Quarter	$ 27.00	$ 18.70
2002		
First Quarter	$ 31.95	$ 24.55
Second Quarter	$ 33.21	$ 21.55
Third Quarter	$ 22.50	$ 13.25
Fourth Quarter	$ 17.74	$ 11.90

As of March 3, 2003, there were 68 holders of record of Common Shares and approximately 3,700 beneficial shareholders. As of the same date, there were a total of 66,282,277 Common Shares issued and 66,210,033 outstanding. No dividends have been declared with respect to the Common Shares since the Initial Public Offering. The Company currently intends to retain earnings to finance the growth and development of its business and for working capital and general corporate purposes, and does not anticipate paying cash dividends on the Common Shares in the foreseeable future. Any payment of dividends will be at the discretion of the Company's Board of Directors and will depend upon earnings, financial condition, capital requirements, level of indebtedness, contractual restrictions with respect to payment of dividends and other factors.

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth, for the periods on and at the dates indicated, selected historical consolidated financial data of the Company. The selected consolidated historical income statement and balance sheet data has been derived from the audited historical consolidated financial statements of the Company. The Company's consolidated financial statements as of December 31, 2002 and 2001, and for the years ended December 31, 2002, 2001 and 2000, which have been audited by Deloitte & Touche LLP, independent auditors, have been included elsewhere in this Annual Report on Form 10-K. The information is qualified in its entirety by the detailed information included elsewhere herein and should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and the "Consolidated Financial Statements" and Notes thereto included elsewhere in this Annual Report on Form 10-K.

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	Year ended December 31,				
	2002	2001	2000	1999	1998
	(in thousands, except for per share and selected operating data)				
Income Statement Data:					
Revenue	$ 820,665	$780,159	$724,505	$562,444	$482,823
Cost of services	399,276	398,892	371,549	288,503	256,494
Selling, general and administrative expenses	314,886	260,426	243,573	194,610	152,838
Operating income	106,503	120,841	109,383	79,331	73,491
Other income	2,145	81	1,539	1,027	1,269
Income before income tax expense and minority interest	108,648	120,922	110,922	80,358	74,760
Income tax expense	39,706	44,633	40,663	30,604	28,769
Income before minority interest	68,942	76,289	70,259	49,754	45,991
Minority interest in net income of consolidated subsidiary	300	503	—	—	—
Net income	$ 68,642	$ 75,786	$ 70,259	$ 49,754	$ 45,991
Earnings per share:					
Basic	$ 1.04	$ 1.17	$ 1.10	$ 0.79	$ 0.73
Diluted	$ 1.01	$ 1.11	$ 1.03	$ 0.77	$ 0.73
Weighted average number of common shares outstanding:					
Basic	65,823	64,895	64,043	63,330	63,330
Diluted	68,129	68,130	67,950	64,380	63,353
Selected Operating Data:					
EBITDA (1)(5)	$ 170,022	$169,596	$154,756	$117,019	$ 99,909
EBITDA margin (2)	20.7%	21.7%	21.4%	20.8%	20.7%
Net cash flows from operating activities	117,069	101,784	111,050	114,221	11,903
Net cash flows from investing activities	(122,685)	(39,461)	(68,514)	(51,598)	(43,519)
Net cash flows from financing activities	(7,977)	(18,916)	3,712	(7,386)	(1,276)
Operating margin (3)	13.0%	15.5%	15.1%	14.1%	15.2%
Net income margin (4)	8.4%	9.7%	9.7%	8.9%	9.5%
Number of workstations (at end of period)	14,230	11,675	10,147	8,364	7,624
Number of ports (at end of period)	151,759	78,287	50,573	33,476	11,160

	As of December 31,				
	2002	2001	2000	1999	1998
Balance Sheet Data:					
Working capital	$ 223,263	$235,180	$151,006	$104,427	$ 70,699
Property and equipment, net	213,641	202,671	197,178	167,934	144,139
Total assets	670,822	591,435	553,907	408,989	326,139
Total debt	29,647	30,271	41,355	45,196	30,952
Stockholders' equity	549,592	468,159	378,125	291,962	242,208

(1) "EBITDA" is defined as income before income tax expense and minority interest, depreciation, interest income, interest expense and amortization. EBITDA is not intended to represent cash flow from operations as defined by generally accepted accounting principles and should not be considered as an alternative to net income as an indicator of operating performance or to cash flows as a measure of liquidity. EBITDA is presented as the Company understands that certain investors use it as one measure of a borrower's historical ability to service its debt.

(2) Represents EBITDA as a percentage of revenue.

(3) Represents operating income as a percentage of revenue.

(4) Represents net income as a percentage of revenue.

(5) Reconciliation of EBITDA:

	2002	2001	2000	1999	1998
Operating income	$ 106,503	$120,841	$109,383	$ 79,331	$ 73,491
Depreciation and amortization	61,783	50,353	45,167	37,343	27,284
Other income (expense)	1,736	(1,598)	206	345	(866)
EBITDA	$ 170,022	$169,596	$154,756	$117,019	$ 99,909

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Consolidated Financial Statements and the Notes thereto appearing elsewhere in this Annual Report on Form 10-K.

Certain statements under this caption constitute "forward-looking statements" as defined under the Private Securities Litigation Reform Act of 1995, which involve risks and uncertainties that could cause actual results to differ materially from the Company's historical experience and the Company's present expectations or projections. The Company's actual results in the future could differ significantly from the results discussed or implied in such forward-looking statements. Generally, the words "believe," "expect," "intend," "estimate," "anticipate," "project," "will" and similar expressions identify forward-looking statements, which generally are not historical in nature. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from the Company's historical experience and present expectations or projections. As and when made, management believes that these forward-looking statements are reasonable. However, caution should be taken not to place undue reliance on any such forward-looking statements since such statements speak only as of the date when made. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Some of the factors that could cause or contribute to such differences include, but are not limited to, the effect on financial performance of increased competition in the outsourced CRM industry, potential future competition, competitive pricing for services, potential future competing technologies and trends, dependence on technology and phone service, dependence on the Company's labor force, reliance on major clients, the success of new product innovations, legal proceedings, trends in the general economy and government regulation.

In addition, future terrorist attacks against the United States, rumors or threats of such attacks or war, armed hostilities or international calamity directly or indirectly involving the United States or its allies or military or trade disruptions may impact the Company's operations. Subsequent to the September 11, 2001 attacks on the World Trade Center and the Pentagon, many Direct Teleservices division projects were temporarily halted and the Company also experienced a reduction in Operator Teleservices division projects as well. More generally, any of these events could cause consumer confidence and spending to decrease or result in increased volatility in the United States and worldwide financial markets and economy. They also could result in further economic declines in the United States or abroad. Any of these occurrences could have a significant impact on the Company's operating results, revenues and costs and may result in the volatility of the market price for the Company's common stock and on the future price of the Company's common stock.

Overview

The Company is a leading provider of CRM to businesses on an outsourced basis. The Company believes it has established a distinct competitive advantage in its ability to offer a range of agent based and automated services on a fully integrated basis.

Revenue: Revenue for Operator Teleservices services is primarily generated at the time calls are answered by an agent based on the number of calls and/or minutes received and processed on behalf of clients. Operator Teleservices services also generates revenue from calls transferred to telemarketing representatives from interactive voice response units and by providing assistance to clients in the design and implementation of new applications. Revenue for Interactive Teleservices services is recognized at the time calls are received or sent by automated voice response units and is billed based on call duration. Revenue for Direct Teleservices services is generally recognized on an hourly and success rate basis at the time the agents place calls to consumers on behalf of clients. Other revenues are recognized during the period services are provided. Sales commission revenue for Tel Mark Sales, Inc. is recognized when products are shipped by certain clients to their customers. Collection fees are recognized for services performed under various collection service agreements with the Company's customers. Fees are earned and revenue recognized as the related consumer debts are collected and are calculated based upon a percentage of cash collected or other agreed upon contractual parameters. The Company defers recognition of revenues during the period in which customer refund obligations exist. Deferred revenue is included in other current liabilities.

Expenses: Costs of telecommunications services incurred by the Company are primarily comprised of long distance voice and data transmission charges. The Company effectively manages its telecommunications costs primarily through a long-term services contract with AT&T, which includes an established rate schedule subject to certain call volume commitments. As one of AT&T's largest clients, the Company believes it has negotiated a favorable contract at an attractive service rate. The Company has also entered into a number of equipment maintenance and network management contracts with AT&T in order to facilitate reliable and efficient network operations. Rates for telecommunications services are primarily determined by total call volume, level of network management and technical support under contract.

The Company manages its direct labor costs through its flexible staffing and scheduling initiatives. In particular, the Company has developed its own proprietary scheduling systems, which are designed to optimize staffing and pay levels in anticipation of fluctuating call volumes as clients' campaigns are scheduled. The Company seeks to control its direct labor costs by decentralizing its operations and by seeking new geographic markets, which offer attractive labor market characteristics. Direct labor rates fluctuate based upon local market factors such as the size and availability of a part-time workforce in addition to local economic growth. Labor rates are adjusted, as necessary, to attract the required number of agents during seasonal fluctuations.

Selling, general and administrative expenses consist of expenses that support the ongoing operation of the Company. These expenses include costs related to division management, facilities costs, equipment depreciation and maintenance, amortization of finite lived intangible assets, allowance for doubtful accounts, sales and marketing activities, client support services and corporate management costs. Changes in selling, general and administrative expenses primarily reflect acquisitions, the addition of new facilities over certain periods or expanded marketing activities and bad debt expense.

Results of Operations

The following table sets forth the Consolidated Statement of Operations Data as a percentage of revenue for the periods indicated:

	Year ended December 31,		
	2002	2001	2000
Revenue	100.0%	100.0%	100.0%
Cost of services	48.6	51.1	51.3
Selling, general and administrative expenses	38.4	33.4	33.6
Operating income	13.0	15.5	15.1
Other income	0.2	0.0	0.2
Income before income tax expense and minority interest	13.2	15.5	15.3
Income tax expense	4.8	5.7	5.6
Minority interest	—	0.1	—
Net Income	8.4%	9.7%	9.7%

Years Ended December 31, 2002 and 2001

Revenue: Revenues increased $40.5 million, or 5.2%, to $820.7 million in 2002 from $780.2 million in 2001. The increase in revenue included $28.4 million of revenue derived from new clients and $72.5 million derived from the acquisitions of Tel Mark Sales, Inc., Dakotah Direct II, LLC and Attention LLC. The overall revenue increase was partially offset by lower call volumes in Direct Teleservices and Operator Teleservices, as well as the wind down of 900 services in Interactive Teleservices. In addition, pricing concessions resulting from various market changes in both Direct Teleservices and Operator Teleservices contributed to a decline in revenue in Direct Teleservices and a decline in the revenue growth of Operator Teleservices.

During the year ended December 31, 2002, the Company provided service to over 900 clients. Eighty percent of the Company's revenue was generated by 48 clients. This compares to 62 clients during the comparable period in 2001. The Company had one customer, AT&T, who accounted for 25% of total revenue for the year ended December 31, 2002 and 25% and 28% of total revenue for the years ended December 31, 2001 and 2000, respectively. During 2002, AT&T divested two business units. Excluding these business units, AT&T accounted for 19% of 2002 annual revenues.

Cost of Services: Cost of services represents direct labor, telephone expense and other costs directly related to revenue generating activities. Cost of services increased $0.4 million, or 0.1%, to $399.3 million in 2002, up from $398.9 million for the comparable period of 2001. During 2002, cost of services as a percentage of revenue decreased to 48.6%, compared to 51.1% for the comparable period in 2001. The decrease in cost of services as a percentage of revenue can be attributed primarily to continued control of variable labor costs, a greater percentage of Interactive Teleservices and Operator Teleservices call volumes which traditionally have a lower direct cost as a percent of revenue than other Company operations and the significant reduction in 900 call volumes which have higher direct costs as a percentage of revenue than other Company operations. Lower telecommunication costs due to lower service rates negotiated with the Company's primary telecommunications vendor also contributed to lower cost of services in 2002. Cost of services includes charge-backs relating to 900-service revenue of approximately $4.1 million in 2002.

Selling, General and Administrative Expenses: SG&A expenses increased by $54.5 million, or 20.9%, to $314.9 million in 2002 from $260.4 million for the comparable period of 2001. The increase in SG&A is due primarily to an increase in bad debt expense of $22.6 million, increased depreciation and amortization of $11.4 million and SG&A expenses associated with the Company's three acquisitions of $27.7 million. During the year ended December 31, 2002, the Company wrote-off $28.4 million in accounts and notes receivable, all of which had been fully previously reserved for in the allowance for doubtful accounts. The increase in depreciation is due to the overall increase in property and equipment primarily due to the purchase of interactive voice response ports during the twelve months ended December 31, 2002. As a percentage of revenue, SG&A expenses increased to 38.4% in 2002 compared to 33.4% for the comparable period of 2001.

O*perating Income:* Operating income decreased by $14.3 million, or 11.9%, to $106.5 million in 2002 down from $120.8 million for the comparable period of 2001. As a percentage of revenue, operating income decreased to 13.0% in 2002 compared to 15.5% for the corresponding period of 2001 due to the factors discussed above for Revenue, Cost of services and SG&A expenses.

Other Income (Expense): Other income (expense) includes sub-lease rental income, interest income from short-term investments, interest income from an accounts receivable financing program (net of the related interest expense to fund the program), interest income from customer notes receivable and interest expense from short-term and long-term obligations. Other income (expense) totaled $2.1 million in 2002 compared to $0.1 million for the comparable period of 2001. The increase is primarily the result of a $3.0 million write down of an investment in Synchrony Communications, Inc. in September 2001.

Net Income: Net income decreased $7.2 million, or 9.4%, to $68.6 million in 2002 compared to $75.8 million for the comparable period of 2001. Diluted earnings per share were $1.01 compared to $1.11 for the comparable period in 2001.

Net income includes a provision for income tax expense at an effective rate of approximately 36.6% for 2002. This compares to 37.1%, for the comparable period in 2001.

Years Ended December 31, 2001 and 2000

Revenue: Revenue increased $55.7 million or 7.7% to $780.2 million in 2001 from $724.5 million in 2000. The increase in revenue included $26.2 million derived from new clients and $29.5 million derived from existing clients. The overall revenue increase is attributable to higher call volumes.

During the year ended December 31, 2001, the Company provided service to nearly 800 clients. Eighty percent of the Company's total revenue was generated by 62 clients. During 2001, AT&T remained the Company's largest client and accounted for 25% of total revenue, down from 28% in 2000.

Cost of Services: Cost of services represents direct labor, telephone expense and other costs directly related to services activities. Cost of services increased $27.4 million or 7.4% for the year ended December 31, 2001 to $398.9 million from $371.5 million for the comparable period of 2000. As a percentage of revenue, cost of services decreased to 51.1% for 2001 from 51.3% for 2000.

Selling, General and Administrative Expenses: SG&A expenses increased by $16.8 million or 6.9% to $260.4 million for the year ended December 31, 2001, from $243.6 million in 2000. As a percentage of revenue, SG&A expenses decreased to 33.4% for the year ended December 31, 2001, compared to 33.6% in 2000. The decrease is attributable to management's focus on reducing these costs.

Operating Income: Operating income increased by $11.4 million or 10.5% to $120.8 million in 2001 from $109.4 million in 2000. For the year ended December 31, 2001, operating income as a percentage of revenue increased 0.4% to 15.5% from 15.1% for 2000.

Other Income (Expense): Other income (expense) includes interest income from short-term investments, interest income from an accounts receivable financing program (net of the related interest expense to fund the program), interest income from customer notes receivable and interest expense from short-term and long-term borrowings under credit facilities and capital leases. Other income (expense) for the year ended December 31, 2001, totaled $0.1 million compared to $1.5 million for 2000. The reduction of $1.4 million for the year ended December 31, 2001 is primarily the result of a $3.0 million write down of an investment in Synchrony Communications, Inc. In May 2000, the Company acquired a minority interest in Synchrony Communications, Inc. The intent of the investment was to enter into a strategic relationship with Synchrony Communications, Inc. to offer additional tools for integrating customer interactions across multiple communication channels (phone, fax, e-mail and Web chat) to deliver consistent and dynamic customer support. During the third quarter of 2001, the board of directors of Synchrony Communications, Inc. decided it would be in the best interests of Synchrony to be acquired by divine, inc. The acquisition was announced by divine, inc. on October 23, 2001 and later consummated in the fourth quarter of 2001. Based on the acquisition terms, the Company determined that this investment was permanently impaired, and as a result, the entire investment of $3.0 million was written off.

Net Income: Net income increased by $5.5 million or 7.9% for the year ended December 31, 2001 to $75.8 million from net income of $70.3 million in 2000. Net income includes a provision for income tax expense at a combined effective rate of 37.1% and 36.7% for 2001 and 2000, respectively.

CRITICAL ACCOUNTING POLICIES

The process of preparing financial statements requires the use of estimates on the part of management. The estimates used by management are based on the Company's historical experiences combined with management's understanding of current facts and circumstances. Certain of the Company's accounting policies are considered critical as they are both important to the portrayal of the Company's financial condition and results and require significant or complex judgment on the part of management. The Company believes the following represent the critical accounting policies of the Company as contemplated by Financial Reporting Release No. 60, *"Cautionary Advice Regarding Disclosure About Critical Accounting Policies."*

Revenue Recognition—Operator Teleservices revenue is recognized at the time calls are answered by an agent based on the number of calls and/or minutes received and processed on behalf of clients. Interactive Teleservices revenue is recognized at the time calls are received or sent by automated voice response units and is billed based on call duration. Direct Teleservices revenue is generally recognized on an hourly and success rate basis at the time the agents place calls to consumers on behalf of clients. Sales commission revenue is recognized when products are shipped by certain clients to their customers. Collection fees are recognized for services performed under various collection service agreements with the Company's customers. Fees are earned and revenue recognized as the related consumer debts are collected and are calculated based upon a percentage of cash collected or other agreed upon contractual parameters. The Company defers recognition of revenue during the period in which customer refund obligations exist, which generally does not exceed one year. Deferred revenue is included in other current liabilities.

Allowance for Doubtful Accounts—The Company's allowance for doubtful accounts reflects reserves for customer receivables to reduce receivables to amounts expected to be collected. Management uses significant judgment in estimating uncollectible amounts. In estimating uncollectible amounts, management considers factors such as overall economic conditions, industry-specific economic conditions, historical customer performance and anticipated customer performance. While management believes the Company's processes effectively address its exposure to doubtful accounts, changes in the economy, industry or specific customer conditions may require adjustment to the allowance for doubtful accounts recorded by the Company.

Goodwill and Other Intangible Assets—As a result of the three acquisitions made during 2002, the Company's recorded goodwill as of December 31, 2002 has increased by $72.2 million to $114.1 million and the recorded value of other intangible assets as of December 31, 2002 has increased by $23.7 million to $35.3 million. Two matters arise with respect to these assets that require significant management estimates and judgment: 1) the valuation in connection with the initial purchase price allocation and 2) the ongoing evaluation of goodwill and other intangible assets for impairment. In connection with these acquisitions, a third-party valuation was completed to determine the purchase price allocation between goodwill and other intangible assets. Upon completion of this process, approximately 25% of the purchase price was assigned to various identified finite lived intangible assets and the remainder to goodwill. The purchase price allocation process requires estimates and judgments as to certain expectations and business strategies. If the actual results differ from the assumptions and judgments made, the amounts recorded in the consolidated financial statements could result in a possible impairment of the intangible assets and goodwill or require acceleration in amortization expense. In addition, Statement of Financial Accounting Standards ("SFAS") No. 142 *Goodwill and Other Intangible Assets*, requires that goodwill be tested annually using a two-step process. The first step is to identify a potential impairment. The second step measures the amount of the impairment loss, if any. Any changes in key assumptions about the businesses and their prospects, or changes in market conditions or other externalities, could result in an impairment charge and such a charge could have a material effect on the Company's financial condition and results of operations.

Stock Options—Employees of the Company are periodically granted stock options by the Compensation Committee of the Board of Directors. As allowed under generally accepted accounting principles ("GAAP"), the Company does not record any compensation expense on the income statement with respect to options granted to employees. Alternatively, under GAAP, the Company could have recorded a compensation expense based on the fair value of employee stock options. As described in Note A in the Consolidated Financial Statements, had the Company recorded a fair value-based compensation expense for stock options, diluted earnings per share would have been $0.04 to $0.08 less than what was reported for the 2000, 2001 and 2002 fiscal years.

Income Taxes—The Company accounts for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes," which requires that deferred tax assets and liabilities be recognized using enacted rates for the effect of temporary differences between the book and tax bases of recorded assets and liabilities in the multiple taxing jurisdictions which the Company operates within. Future tax law changes may require adjustment to the Company's existing tax assets and liabilities.

Liquidity and Capital Resources

The Company's primary source of liquidity has been cash flow from operations, supplemented by proceeds from notes payable, capital leases and borrowings under its revolving bank lines of credit.

The Company has a $25.0 million unsecured revolving credit facility. Advances under the revolving credit facility bear interest at the prime rate less 1.0%. There were no borrowings outstanding under this facility at December 31, 2002. The Company's credit facility contains certain financial covenants and restrictions, which were met at December 31, 2002. The credit facility expires on June 28, 2003. The Company believes it could increase the amount of the facility, if needed.

Throughout 2002, the Company purchased $60.0 million of furniture and telephone and computer equipment financed through working capital of $43.9 million and capital leases of $16.1 million. The capital leases have one to three year terms and bear interest from 4.5% to 6.1%.

Net cash flows from operating activities increased $15.3 million, or 15.0%, to $117.1 million for the year ended December 31, 2002, compared to $101.8 million for the comparable period of 2001. This increase was due primarily to an increase in depreciation and amortization and deferred tax expense and a decrease in accounts receivable. The increase over 2001 cash flows from operating activities was partially offset by lower net income, increases in other assets and the reduction in accounts payable, accrued expenses and customer deposits and holdbacks.

Net cash flows used in investing activities increased $83.2 million, to $122.7 million for the year ended December 31, 2002, compared to $39.5 million for the comparable period of 2001. This increase was primarily due to acquisitions of $80.4 million, net of cash acquired of $5.0 million, for three acquisitions consummated during the twelve months ended December 31, 2002. These were the first business acquisitions the Company has made in its history. During 2002, the Company invested $60.0 million in property and equipment, primarily for additional voice response ports and equipment for Interactive Teleservices, the construction of a network operating center and upgrades at existing facilities. The Company financed $16.1 million of equipment purchases with capital leases. The remaining $43.9 million of property and equipment purchases were paid through cash flows from operations. For the comparable period in 2001, the amount used for property and equipment purchases financed through cash flows from operations and notes payable was $46.2 million with an additional $7.5 million financed with capital leases. In 2000, the comparable amount financed through cash flows was $70.4 million, with an additional $3.9 million financed with capital leases.

Net cash flows used in financing activities decreased $10.9 million, or 57.8% to $8.0 million for the year ended December 31, 2002, compared to net cash flows used in financing activities of $18.9 million for the comparable period of 2001. During the year ended December 31, 2002, net cash flows used in financing activities were primarily for payments of debt and capital lease obligations. These payments were $20.5 million during the year ended December 31, 2002 compared to $25.6 million for the comparable period of 2001. Proceeds from stock options exercised, including related tax benefits, were $12.5 million during the year ended December 31, 2002 compared to $11.6 million for the comparable period of 2001.

During the first quarter of 2001, the Company executed synthetic lease agreements for two buildings. A special purpose trust owns both buildings and leases these to the Company. The leases are for a 34,000 square foot office building in San Antonio, Texas and a 158,000 square foot office building constructed in Omaha, Nebraska. The leases have five-year terms with three renewal options of five years each. The lease payments are based on a variable interest rate of 87.5 basis points over a selected LIBOR, which resulted in an effective interest rate of 2.25% at December 31, 2002. The aggregate lease expense on these leases for 2002 was $0.3 million. The Company may, at any time, elect to exercise a purchase option of approximately $10.0 million for the San Antonio building and approximately $31.0 million for the Omaha building. If the Company elects not to purchase either building or renew either lease, the buildings would be returned to the lessee for remarketing, and the Company has guaranteed a residual value of 85% on each building. At December 31, 2002, the guarantee for the San Antonio and Omaha buildings was approximately $34.9 million.

On May 4, 2000, the Company consummated the purchase of an equity interest in excess of 80% in West Direct. In connection therewith, the Company's venture partner was extended an option during the first 18 months to surrender its 5% equity interest in West Direct in exchange for $12.0 million in cash plus an option to acquire 325,000 shares of the Company's common stock, exercisable at $26.03 per share. The venture partner elected to exercise this option on October 2, 2001. During the third quarter of 2002 the Company purchased an additional 10,000 shares of West Direct from a minority shareholder for $160,000. As a result, the Company owned 87.75% of West Direct at December 31, 2002.

On March 1, 2002, a promissory note for $3.7 million was assumed in the Dakotah Direct II, LLC acquisition. The note bears interest at 2.75% per annum. Interest is payable quarterly and the entire principal balance plus accrued interest is due and payable on March 1, 2003. The obligation is secured by an irrevocable standby letter of credit for an amount not to exceed $5.0 million issued by the Company on March 1, 2002. The letter of credit expires on April 1, 2003. There were no drafts presented under the letter of credit at December 31, 2002.

On March 8, 2002, the Company refinanced a mortgage note of $10.7 million, which had an interest rate of 7.63% and was due February 1, 2003. The new mortgage note calls for monthly principal payments of $55,192 plus interest with the unpaid balance due January 1, 2007. The interest rate is variable at 50 basis points per annum less than the prime rate with a minimum rate of 5.0% per annum and a maximum rate of 8.0% per annum.

During July and September 2002, operations at two Direct Teleservices customer contact centers were temporarily suspended due to low volumes. In July, the operations of the customer contact center in Lafayette, Louisiana were relocated to another customer contact center. In September, the operations of the customer contact center in Texarkana, Arkansas were relocated to another customer contact center and the Texarkana, Arkansas customer contact center (159 workstations) is being converted for use by another division. During October 2002, the operations of the Direct Teleservices customer contact center in Hinesville, Georgia (132 workstations) were suspended. During November 2002, the operations of the customer contact centers in McAllen (209 workstations) and Odessa (117 workstations), Texas were suspended. These actions are consistent with management's strategy to better utilize capacity throughout the Company.

Contractual Obligations

As described in Item 8. Financial Statements and Supplementary Data, the Company has contractual obligations that may affect the financial condition of the Company. However, based on management's assessment of the underlying provisions and circumstances of the material contractual obligations of the Company, there is no known trend, demand, commitment, event or uncertainty that is reasonably likely to occur which would have a material effect on the Company's financial condition or results of operations.

Below is a summary disclosure of the Company's contractual obligations at December 31, 2002 (dollars in thousands):

Contractual Obligations	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Long-term debt	$ 15,505	$ 6,067	$ 1,986	$ 7,452	$ —
Capital lease obligations	14,142	6,425	7,717	—	—
Operating leases	49,304	14,143	28,480	3,942	2,739
Acquisition earnout commitments	24,252	2,752	15,750	5,750	—
Total contractual cash obligations	$ 103,203	$ 29,387	$ 53,933	$ 17,144	$ 2,739

The Company is subject to lawsuits and claims, which arise out of the normal course of its business. The Company and certain of its subsidiaries are defendants in various litigation matters in the ordinary course of business, some of which involve claims for damages that are substantial in amount. Management believes, except for the items listed in the Notes to the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K, for which management is currently unable to predict the outcome, the disposition of claims currently pending will not have a material adverse effect on the Company’s financial position, results of operations, or cash flows.

Capital Expenditures

The Company’s operations continue to require significant capital expenditures for capacity expansion and upgrades. Capital expenditures were $60.0 million for the year ended December 31, 2002, in which $43.9 million of these expenditures were financed from operations and the remaining $16.1 million of expenditures were financed using capital leases. Capital expenditures were $53.7 million for the year ended December 31, 2001, in which, $39.2 million of these expenditures were financed from operations, $7.0 million from notes payable to a bank and the remaining $7.5 million of expenditures were financed using capital leases. Capital expenditures for the year ended December 31, 2002 consisted primarily of additional voice response ports and equipment purchases for Interactive Teleservices and upgrades at existing facilities. The Company is also constructing a network operations center to centralize the control of all agent and automated transactions. The total cost of the center is approximately $10.0 million and is expected to be completed early in 2003. This center is expected to provide improved utilization of capacity as well as improved physical security of the network operations. The Company currently projects its capital expenditures for 2003 to be approximately $50.0 to $55.0 million primarily for capacity expansion and upgrades at existing facilities and the addition of one customer contact center in the first half of 2003.

The Company believes that the cash flows from operations, together with existing cash and cash equivalents, financing through capital or operating leases, and available borrowings under its credit facilities will be adequate to meet its capital requirements for the foreseeable future. The Company may pledge additional property or assets of the Company or any of its subsidiaries, which are not already pledged as collateral securing existing credit facilities of the Company or any of its affiliates. The Company or any of its affiliates may be required to guarantee any existing or additional credit facilities.

Inflation

The Company does not believe that inflation has had a material effect on its results of operations. However, there can be no assurance that the Company’s business will not be affected by inflation in the future.

Recent Legislation

The recent amendments to the TSR may have a material impact on both revenue and profitability of the Company. The TSR will have the greatest effect on West Direct, Direct Teleservices and Direct Response services. Based upon preliminary estimations, the Company believes the changes to the TSR will have a material impact on West Direct’s ability to make upsells on the calls handled by Direct Response. Although the changes will have a material impact on West Direct’s revenue it is not clear at this time the extent of the impact to profitability. The TSR is expected to extend the average call length for Direct Response services and therefore will have a positive impact on per call revenue. However, the additional expense to Direct Response’s clients, including West Direct, may result in a corresponding decrease in overall call volume if the clients’ profitability per call is negatively impacted. The addition of a national “do not call” list is expected to reduce the number of households that may be called by Direct Teleservices. However, the extent of that impact is dependent upon the types of programs offered by clients, whether the clients call customers with which they have a pre-existing business relationship, which is exempt from the TSR, the number of people who ultimately register for the list and the timing of the implementation of this portion of the TSR. Because of these variables management is not able to quantify the impact of the changes to the TSR.

Recent Accounting Pronouncements

In April 2002, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 145, *“Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections”*

(“SFAS 145”). SFAS 145 concludes that debt extinguishments used as part of a company’s risk management strategy should not be classified as an extraordinary item. SFAS 145 also requires sale-leaseback accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. Management believes that SFAS 145 will not have a significant impact on the Company’s Consolidated Financial Statements.

In June 2002, the FASB issued SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities* (“SFAS 146”). SFAS 146 requires companies to recognize the costs associated with exit or disposal activities when they are incurred. SFAS 146 is effective for exit or disposal activities that are initiated subsequent to December 31, 2002. Accordingly, the Company will apply the provisions of SFAS 146 prospectively to exit or disposal activities initiated subsequent to December 31, 2002. Management believes that SFAS 146 will not have a significant impact on the Company’s Consolidated Financial Statements.

In November 2002, the FASB issued FASB Interpretation (“FIN”) No. 45, *Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others* (“FIN 45”). FIN 45 clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing certain guarantees. FIN 45 also expands the disclosures to be made by a guarantor in its financial statements about its obligations under certain guarantees that it has issued. The recognition provisions of FIN 45 are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. The disclosure requirements of FIN 45 are effective for the Company in 2003. Management believes that FIN 45 will not have a significant impact on the Company’s Consolidated Financial Statements.

In January 2003, the FASB issued FIN 46, *Consolidation of Variable Interest Entities (an interpretation of ARB No. 51*) (“FIN 46”). FIN 46 requires an enterprise to consolidate a variable interest entity if that enterprise has a variable interest (or combination of variable interests) that will absorb a majority of the entity’s expected losses if they occur, receive a majority of the entity’s expected residual returns if they occur, or both. This standard applies immediately to all variable interest entities created after January 31, 2003, and is effective for the first fiscal year or interim period beginning after June 15, 2003 for variable interest entities in which an enterprise holds a variable interest that it acquired before February 1, 2003. Management believes that FIN 46 will not have a significant impact on the Company’s Consolidated Financial Statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Certain statements under this caption constitute “forward-looking statements” as defined under the Private Securities Litigation Reform Act of 1995, which involve risks and uncertainties that could cause actual results to differ materially from the Company’s historical experience and present expectations or projections. The Company’s actual results in the future could differ significantly from the results discussed or implied in such forward-looking statements. Generally, the words “believe,” “expect,” “intend,” “estimate,” “anticipate,” “project,” “will” and similar expressions identify forward-looking statements, which generally are not historical in nature. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from the Company’s historical experience and present expectations or projections. As and when made, management believes that these forward-looking statements are reasonable. However, caution should be taken not to place undue reliance on any such forward-looking statements since such statements speak only as of the date when made. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Some of the factors that could cause or contribute to such differences include, but are not limited to, the effect on financial performance of increased competition in the outsourced CRM solutions industry, potential future competition, competitive pricing for services, potential future competing technologies and trends, dependence on technology and phone service, dependence on the Company’s labor force, reliance on major clients, the success of new product innovations, legal proceedings, trend in the general economy and government regulation.

In addition, future terrorist attacks against the United States, rumors or threats of such attacks or war, armed hostilities or international calamity directly or indirectly involving the United States or its allies or military or trade disruptions may impact the Company's operations. Subsequent to the September 11, 2001 attacks on the World Trade Center and the Pentagon, many Direct Teleservices division projects were temporarily halted and the Company also experienced a reduction in Operator Teleservices division projects as well. More generally, any of these events could cause consumer confidence and spending to decrease or result in increased volatility in the United States and worldwide financial markets and economy. They also could result in further economic declines in the United States or abroad. Any of these occurrences could have a significant impact on the Company's operating results, revenues and costs and may result in the volatility of the market price for the Company's common stock and on the future price of the Company's common stock.

The Company does not use derivative financial and commodity instruments. The Company's financial instruments include cash and cash equivalents, accounts and notes receivable, accounts and notes payable and long-term obligations including capital leases. The Company's cash and cash equivalents, accounts and notes receivable and accounts and notes payable balances are generally short-term in nature and do not expose the Company to material market risk. The Company has $29.6 million of long-term obligations and $25.0 million of credit facilities with both fixed and variable interest rates. There were no borrowings outstanding under the $25.0 million of credit facilities at December 31, 2002. Management does not believe that changes in future interest rates on these fixed and variable rate long-term obligations and credit facilities would have a material effect on the Company's financial position, results of operations, or cash flows given the Company's currently existing obligations under such long-term obligations and credit facilities.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information called for by this item is incorporated from the Company's Consolidated Financial Statements and Notes thereto set forth on pages F-1 through F-21.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by Item 10 is incorporated by reference from the Company's definitive proxy statement for the 2002 annual meeting of stockholders to be held on May 15, 2003. The definitive proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the end of the fiscal year covered by this Form 10-K.

The Company's ethics code is available to any person without charge upon written request to the Company's Secretary at 11808 Miracle Hills Drive, Omaha, Nebraska 68154.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated by reference from the Company's definitive proxy statement for the 2002 annual meeting of stockholders to be held on May 15, 2003. The definitive proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the end of the fiscal year covered by this Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by Item 12 is incorporated by reference from the Company's definitive proxy statement for the 2002 annual meeting of stockholders to be held on May 15, 2003. The definitive proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the end of the fiscal year covered by this Form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by Item 13 is incorporated by reference from the Company's definitive proxy statement for the 2002 annual meeting of stockholders to be held on May 15, 2003. The definitive proxy statement will be filed with the Securities and Exchange Commission not later than 120 days after the end of the fiscal year covered by this Form 10-K.

ITEM 14. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures. The Company's management team continues to review the Company's internal controls and procedures and the effectiveness of those controls. Within the 90 days prior to the date of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's President and Chief Executive Officer, and the Executive Vice President—Chief Financial Officer and Treasurer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-14 of the Securities Exchange Act of 1934. Based upon that evaluation, the President and Chief Executive Officer, and the Executive Vice President—Chief Financial Officer and Treasurer concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company's periodic SEC filings.

(b) Changes in internal controls. There were no significant changes in the Company's internal controls or in other factors that could significantly affect the Company's disclosure and procedures subsequent to the date of their evaluation, nor were there any significant deficiencies or material weaknesses in the Company's internal controls. As a result, no corrective actions were required or taken.

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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) Documents filed as a part of the report:

(1) Financial Statements:

Independent Auditors' Report	F-1
Consolidated statements of operations for the years ended December 31, 2002, 2001 and 2000	F-2
Consolidated balance sheets as of December 31, 2002 and 2001	F-3
Consolidated statements of cash flows for the years ended December 31, 2002, 2001 and 2000	F-4
Consolidated statements of stockholders' equity for the years ended December 31, 2002, 2001 and 2000	F-5
Notes to the Consolidated Financial Statements	F-6

(2) Financial Statement Schedules:

Independent Auditors' Report	S-1
Schedule II (Consolidated valuation accounts for the three years ended December 31, 2002)	S-2

(3) Exhibits

Exhibits identified in parentheses below, on file with the United States Securities and Exchange Commission, are incorporated herein by reference as exhibits hereto.

Exhibit Number	Description
2.01	Purchase Agreement, dated as of July 23, 2002, by and among the Company, Attention LLC, the sellers and the sellers' representative named therein (Exhibit 2.1 to Form 8-K dated August 2, 2002, File No. 000-21771)
3.01	Restated Certificate of Incorporation of the Company (Exhibit 99.02 to Form 8-K dated December 29, 2001, File No. 000-21771)
3.02	Restated By-Laws of the Company (Exhibit 3.01 to Form 10-Q dated November 4, 2002, File No. 000-21771)
10.01	Form of Registration Rights Agreement (Exhibit 10.01 to Registration Statement under Form S-1 (Amendment No. 1) dated November 12, 1996, File No. 333-13991)
10.02	Restated 1996 Stock Incentive Plan dated June 3, 2002 and Amendment No. 1 thereto dated December 30, 2002
10.03	Agreement and Plan of Reorganization (Exhibit 10.05 to Registration Statement under Form S-1 (Amendment No. 2) dated November 21, 1996, File No. 333-13991)
10.04	Employment Agreement between the Company and Thomas B. Barker dated January 1, 1999, as amended February 10, 2003
10.05	Employment Agreement between the Company and Paul M. Mendlik dated November 4, 2002 (Exhibit 10.01 to Form 10-Q dated November 4, 2002, File No. 000-21771)
10.06	Stock Redemption Agreement, dated April 9, 1996, by and among John W. Erwin, Gary L. West, Mary E. West and Troy L. Eaden (Exhibit 10.11 to Registration Statement under Form S-1 (Amendment No. 1) dated November 12, 1996, File No. 333-13991)
10.07	Assignment and Assumption Agreement, dated as of November 12, 1996, by and among Gary L. West, Mary E. West, Troy L. Eaden and the Company (Exhibit 10.12 to Registration Statement under Form S-1 (Amendment No. 2) dated November 21, 1996, File No. 333-13991)

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Exhibit Number	Description
10.08	Personnel Company Subscription Service Agreement, dated as of November 12, 1996, between West Telemarketing Insurance Agency, Inc. and West Telemarketing Corporation Direct Teleservices (Exhibit 10.13 to Registration Statement under Form S-1 (Amendment No. 2) dated November 21, 1996, File No. 333-13991)
10.09	Lease, dated September 1, 1994, by and between West Telemarketing Corporation and 99-Maple Partnership (Exhibit 10.14 to Registration Statement under Form S-1 (Amendment No. 1) dated November 12, 1996, File No. 333-13991)
10.10	Employment Agreement between the Company and Nancee R. Berger, dated January 1, 1999, as amended February 10, 2003
10.11	Employee Stock Purchase Plan dated June 3, 2002
10.12	Employment Agreement between the Company and Mark V. Lavin dated July 1, 1999, as amended February 10, 2003
10.13	Employment Agreement between the Company and Steven M. Stangl dated January 1, 1999, as amended February 10, 2003
10.14	Employment Agreement between the Company and Michael M. Sturgeon, dated January 1, 1999, as amended February 10, 2003
10.15	Employment Agreement between the Company and Jon R. (Skip) Hanson, dated October 4, 1999, as amended February 10, 2003
10.16	Employment Agreement between West Direct, Inc. and Todd B. Strubbe, dated July 30, 2001, as amended February 10, 2003
10.17	Employment Agreement between the Company and Michael E. Mazour, dated July 1, 2000, as amended February 10, 2003
10.18	Restricted Stock Agreements between the Company and Paul M. Mendlik dated September 12, 2002 (Exhibit 10.02 to Form 10-Q dated November 4, 2002, File No. 000-21771)
10.19	Nonqualified Deferred Compensation Plan, dated December 30, 2002
21.01	Subsidiaries of the Company (Exhibit 21.01 to Registration Statement under Form S-1 (Amendment No. 2) dated November 21,1996, File No. 333-13991)
23.01	Consent of Deloitte & Touche LLP
99.01	Certification pursuant to 18 U.S.C. section 1350 as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002
99.02	Certification pursuant to 18 U.S.C. section 1350 as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K.

None.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WEST CORPORATION

By: /S/ THOMAS B. BARKER

Thomas B. Barker
President and Chief Executive Officer
(Principal Executive Officer)

March 11, 2003

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signatures	Title	Date
/S/ GARY L. WEST Gary L. West	Chairman of the Board and Director	March 11, 2003
/S/ MARY E. WEST Mary E. West	Vice Chair of the Board and Director	March 11, 2003
/S/ THOMAS B. BARKER Thomas B. Barker	President and Chief Executive Officer and Director (Principal Executive Officer)	March 11, 2003
/S/ PAUL M. MENDLIK Paul M. Mendlik	Executive Vice President—Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	March 11, 2003
/S/ WILLIAM E. FISHER William E. Fisher	Director	March 11, 2003
/S/ GEORGE H. KRAUSS George H. Krauss	Director	March 11, 2003
/S/ GREG T. SLOMA Greg T. Sloma	Director	March 11, 2003

CERTIFICATION

I, Thomas B. Barker, certify that:

1. I have reviewed this annual report on Form 10-K of West Corporation;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
   a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
   b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date") and
   c. presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
   a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 11, 2003

By: /S/ THOMAS B. BARKER

Thomas B. Barker
President and Chief Executive Officer

CERTIFICATION

I, Paul M. Mendlik, certify that:

1. I have reviewed this annual report on Form 10-K of West Corporation;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
   a. Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
   b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date") and
   c. presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
   a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 11, 2003

By: /S/ PAUL M. MENDLIK

Paul M. Mendlik
Executive Vice President—
Chief Financial Officer and Treasurer

INDEPENDENT AUDITORS' REPORT

Board of Directors and Stockholders
West Corporation
Omaha, Nebraska

We have audited the accompanying consolidated balance sheets of West Corporation and subsidiaries (the "Company") as of December 31, 2002 and 2001, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes A and B to the consolidated financial statements, in 2002 the Company changed its method of accounting for goodwill and other intangible assets in connection with the adoption of Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*.

/s/ DELOITTE & TOUCHE LLP

Deloitte & Touche LLP

Omaha, Nebraska
February 4, 2003

WEST CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS
(AMOUNTS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

	Years Ended December 31,		
	2002	2001	2000
REVENUE	$ 820,665	$ 780,159	$ 724,505
COST OF SERVICES	399,276	398,892	371,549
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	314,886	260,426	243,573
OPERATING INCOME	106,503	120,841	109,383
OTHER INCOME (EXPENSE):			
Interest Income	2,828	4,694	4,440
Interest Expense—including interest expense—financing of $7, $365 and $184	(2,419)	(3,015)	(3,107)
Other, net	1,736	(1,598)	206
Other income	2,145	81	1,539
INCOME BEFORE INCOME TAX EXPENSE AND MINORITY INTEREST	108,648	120,922	110,922
INCOME TAX EXPENSE:			
Current income tax expense	33,204	45,119	41,466
Deferred income tax expense (benefit)	6,502	(486)	(803)
Income tax expense	39,706	44,633	40,663
INCOME BEFORE MINORITY INTEREST	68,942	76,289	70,259
MINORITY INTEREST IN NET INCOME OF CONSOLIDATED SUBSIDIARY	300	503	—
NET INCOME	$ 68,642	$ 75,786	$ 70,259
EARNINGS PER COMMON SHARE:			
Basic	$ 1.04	$ 1.17	$ 1.10
Diluted	$ 1.01	$ 1.11	$ 1.03
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING:			
Basic common shares	65,823	64,895	64,043
Dilutive impact of potential common shares from stock options	2,306	3,235	3,907
Diluted common shares	68,129	68,130	67,950

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

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WEST CORPORATION

CONSOLIDATED BALANCE SHEETS
(AMOUNTS IN THOUSANDS)

	December 31, 2002	December 31, 2001
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 137,927	$ 151,520
Accounts and notes receivable, net	121,868	135,631
Accounts receivable—financing	—	18,926
Other	29,790	22,695
Total current assets	289,585	328,772
PROPERTY AND EQUIPMENT:		
Property and equipment	427,625	376,072
Accumulated depreciation and amortization	(213,984)	(173,401)
Property and equipment, net	213,641	202,671
GOODWILL	114,146	41,942
INTANGIBLES, net of accumulated amortization of $4,862 and $1,481	35,310	13,377
NOTES RECEIVABLE AND OTHER ASSETS	18,140	4,673
TOTAL ASSETS	$ 670,822	$ 591,435
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 16,742	$ 47,426
Accrued expenses	37,088	36,788
Current maturities of long-term obligations	12,492	9,378
Total current liabilities	66,322	93,592
LONG-TERM OBLIGATIONS, less current maturities	17,155	20,893
DEFERRED INCOME TAXES	11,691	6,629
OTHER LONG TERM LIABILITIES	25,131	1,531
MINORITY INTEREST	931	631
COMMITMENTS AND CONTINGENCIES (Note J)		
STOCKHOLDERS' EQUITY		
Preferred stock $0.01 par value, 10,000 shares authorized, no shares issued and outstanding		
Common stock $0.01 par value, 200,000 shares authorized, 66,228 shares issued and 66,156 outstanding and 65,352 shares issued and 65,200 outstanding	662	654
Additional paid-in capital	204,335	191,821
Retained earnings	348,369	279,727
Treasury stock at cost (72 and 152 shares)	(2,697)	(4,043)
Unearned restricted stock (80 and 0 shares)	(1,077)	—
Total stockholders' equity	549,592	468,159
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 670,822	$ 591,435

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

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WEST CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS (AMOUNTS IN THOUSANDS)

	Years Ended December 31,		
	2002	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 68,642	$ 75,786	$ 70,259
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation	58,133	47,801	42,904
Amortization	3,650	2,552	2,263
Provision for bad debts	24,487	1,857	9,723
Loss on sale of equipment	385	305	723
Deferred income tax expense (benefit)	6,502	(486)	(803)
Minority interest	300	503	—
Write-off of investment	—	3,000	—
Changes in operating assets and liabilities, net of business acquisitions:			
Accounts receivable	(10,513)	(3,859)	(51,785)
Other assets	(10,469)	3,784	(10,145)
Accounts payable	(13,326)	1,393	12,387
Other liabilities and accrued expenses	(6,282)	(16,976)	22,790
Customer deposits and holdbacks	(4,440)	(13,876)	12,734
Net cash flows from operating activities	117,069	101,784	111,050
CASH FLOWS FROM INVESTING ACTIVITIES:			
Business acquisitions, net of cash acquired of $5,010	(80,382)	—	—
Purchase of property and equipment	(43,911)	(46,205)	(70,436)
Proceeds from disposal of property and equipment	897	141	1,425
Proceeds from payments of notes receivable	711	6,603	497
Net cash flows from investing activities	(122,685)	(39,461)	(68,514)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of debt	—	7,000	10,000
Payments of long-term obligations	(20,499)	(25,619)	(17,701)
Redemption of preferred stock of subsidiary	—	(12,000)	—
Net change in accounts financing and notes payable financing	—	129	(4,491)
Proceeds from stock options exercised including related tax benefits	12,522	11,574	15,904
Net cash flows from financing activities	(7,977)	(18,916)	3,712
NET CHANGE IN CASH AND CASH EQUIVALENTS	(13,593)	43,407	46,248
CASH AND CASH EQUIVALENTS, Beginning of period	151,520	108,113	61,865
CASH AND CASH EQUIVALENTS, End of period	$ 137,927	$ 151,520	$ 108,113

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

WEST CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(AMOUNTS IN THOUSANDS)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Unearned Restricted Stock	Total Stockholders' Equity
BALANCE, January 1, 2000	$ 633	$ 157,647	$ 133,682	$ —	$ —	$ 291,962
Net income			70,259			70,259
Stock options exercised including related tax benefits (1,217 shares)	12	18,553				18,565
Treasury stock (102 shares)				(2,661)		(2,661)
BALANCE, December 31, 2000	645	176,200	203,941	(2,661)	—	378,125
Net income			75,786			75,786
Stock options exercised including related tax benefits (805 shares)	9	15,621				15,630
Treasury stock (50 shares)				(1,382)		(1,382)
BALANCE, December 31, 2001	654	191,821	279,727	(4,043)	—	468,159
Net income			68,642			68,642
Stock options exercised including related tax benefits (877 shares)	8	12,514				12,522
Issuance of restricted stock (80 shares)				1,346	(1,346)	—
Amortization of restricted stock					269	269
BALANCE, December 31, 2002	$ 662	$ 204,335	$ 348,369	$ (2,697)	$ (1,077)	$ 549,592

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

WEST CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2002, 2001 AND 2000
(DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Description—West Corporation (the "Company") is one of the largest independent providers of outsourced customer relationship management, or CRM, and automated voice transaction handling solutions in the United States. The Company enables its clients to completely outsource a full range of services, including processing of customer initiated contacts, automated voice response services and direct marketing services. The Company offers its services over the telephone and the Internet. The Company's services minimize its clients' cost of managing their customer relationships, improve their customers' overall experience, and provide its clients an opportunity to leverage customer data. The Company provides its CRM solutions to Fortune 1,000 companies. These services help its clients to effectively communicate with their customers, acquire and retain customers, and to manage, expand and improve their customer relationships.

Founded in 1986 and headquartered in Omaha, Nebraska, the Company operates a national network of 35 state-of-the-art customer contact centers and seven automated voice and data processing centers throughout North America, and in Jamaica and India.

Basis of Consolidation—The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances have been eliminated in the consolidated financial statements.

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition—Operator Teleservices revenue is recognized at the time calls are answered by an agent based on the number of calls and/or minutes received and processed on behalf of clients. Interactive Teleservices revenue is recognized at the time calls are received or sent by automated voice response units and is billed based on call duration. Direct Teleservices revenue is generally recognized on an hourly and success based rate basis at the time the agents place calls to consumers on behalf of clients. The customer is obligated to pay for these services when these activities have been performed. Both Operator Teleservices and Direct Teleservices also generate revenue by providing assistance to their clients in the design and programming of customized applications which are generally recognized on an hourly basis at the time the services are provided. Fees are earned as the related consumer debts are collected and are calculated based upon a percentage of cash collected or other agreed upon contractual parameters. Other revenues are recognized during the period services are provided. The Company defers revenues during the period in which customer refund obligations exist. Deferred revenue, which is included in other current liabilities, was $1,040 and $4,411 at December 31, 2002 and 2001, respectively. Collection fees are recognized for services performed under various collection service agreements with its customers.

Cost of Services—Cost of services includes labor, telephone and other expense directly related to service activities.

Selling, General and Administrative Expenses—Selling, general and administrative expenses consist of expenses that support the ongoing operation of the Company. These expenses include costs related to division management, facilities costs, equipment depreciation and maintenance, amortization of finite lived intangible assets, allowance for doubtful accounts, sales and marketing activities, client support services, bad debt expense and corporate management costs.

WEST CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

YEARS ENDED DECEMBER 31, 2002, 2001 AND 2000
(DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

Other income (expense)—Other income (expense) includes interest income from short-term investments, interest income from an accounts receivable financing program (net of the related interest expense to fund the program), interest income from customer notes receivable, interest expense from short-term and long-term obligations and rental income. In May 2000, the Company acquired a minority interest in Synchrony Communications, Inc. The intent of the investment was to enter a strategic relationship with Synchrony Communications, Inc. to offer additional tools for integrating customer interactions across multiple communication channels (phone, fax, e-mail and Web chat) to deliver consistent and dynamic customer support. During 2001, the board of directors of Synchrony Communications, Inc. decided it would be in the best interests of Synchrony Communications, Inc. to be acquired by divine, inc. As a result, the Company determined that this investment was permanently impaired, and as a result, the entire investment of $3,000 was written off.

Cash and Cash Equivalents—For purposes of the consolidated statement of cash flows, the Company considers short-term investments with original maturities of three months or less at acquisition to be cash equivalents. Included in the December 31, 2002 cash balance is restricted cash of $719 included in trust accounts. This restricted cash represents cash collected by Attention LLC on behalf of its customers that has not yet been remitted to the respective customers. A corresponding liability is recorded in other current liabilities.

Financial Instruments—Cash and cash equivalents, accounts receivable and accounts payable are short-term in nature and the net values at which they are recorded are considered to be reasonable estimates of their fair values. The carrying values of notes receivable, notes payable and long-term obligations are deemed to be reasonable estimates of their fair values. Interest rates that are currently available to the Company for the reissuance of notes with similar terms and remaining maturities are used to estimate fair values of the notes receivable, notes payable and long-term obligations.

Accounts and Notes Receivable—Short-term accounts and notes receivable from customers are presented net of an allowance for doubtful accounts of $5,139 in 2002 and $6,993 in 2001.

Property and Equipment—Property and equipment are recorded at cost. Depreciation expense is based on the estimated useful lives of the assets or remaining lease terms and is calculated on the straight-line method. The Company’s buildings have estimated useful lives of 27 years and the majority of the other assets have estimated useful lives of three to five years.

Goodwill—At December 31, 2001, goodwill represented the excess of the value of Company stock received by minority stockholders upon their exchange of stock in certain subsidiaries over the book value of this stock. The unamortized balance of this goodwill was $41,942. Upon adoption of Statement of Financial Accounting Standards (“SFAS”) No. 142, *Goodwill and Other Intangible Assets*, on January 1, 2002, the Company ceased periodic amortization of this asset. In addition, as a result of three acquisitions made during 2002, the Company’s recorded goodwill as of December 31, 2002 has increased by $72,204 to $114,146. In accordance with SFAS No. 142, goodwill was tested for impairment during 2002. Results of that testing indicated goodwill was not impaired.

Notes Receivable and Other Assets—Long-term notes receivable from customers and other assets are presented net of an allowance for doubtful accounts of $1,000 in 2002 and $2,900 in 2001.

Customer Deposits and Holdbacks—The Company obtains directly from the billing and collection agent, revenue generated from its customers’ programs. The Company retains a specified amount of the revenue and remits the remainder to its customers. The retained amount is based upon the collection history of the customer’s

WEST CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

YEARS ENDED DECEMBER 31, 2002, 2001 AND 2000
(DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

program success and is necessary to allow for potential adjustments, which may be claimed within one year of the actual transactions. The Company also obtains security deposits from certain customers, which are refunded to the customers when the Company discontinues service to the customers' programs.

Income Taxes—The Company and its subsidiaries file a consolidated income tax return. The Company uses an asset and liability approach for the financial reporting of income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes*. Deferred income taxes arise from temporary differences between financial and tax reporting.

Earnings Per Common Share—Basic earnings per share excludes dilution and is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in issuance of common stock that then shared in the earnings of the entity. At December 31, 2002 and 2001, respectively, 869,526 and 244,000 stock options were outstanding with an exercise price exceeding the average market value of common stock that were therefore excluded from the computation of shares contingently issuable upon exercise of the options.

Stock Based Compensation—The Company accounts for its stock-based compensation plans under the provisions of Accounting Principles Board Opinion 25, *Accounting for Stock Issued to Employees*, which utilizes the intrinsic value method. As a result of the exercise price being equal to the market price at the date of grant, the Company recognized no compensation expense for the years ended December 31, 2002, 2001 and 2000.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized over the options' vesting period. Had the Company's stock option and stock purchase plan been accounted for under SFAS No. 123, *Accounting for Stock-Based Compensation*; 2002, 2001 and 2000 net income and earnings per share would have been reduced to the following pro forma amounts:

	Year ended December 31,		
	2002	2001	2000
Net Income:			
As reported	$ 68,642	$ 75,786	$ 70,259
Pro forma	$ 64,300	$ 72,680	$ 64,840
Earnings per common share:			
Basic as reported	$ 1.04	$ 1.17	$ 1.10
Diluted as reported	$ 1.01	$ 1.11	$ 1.03
Pro forma basic	$ 0.98	$ 1.12	$ 1.01
Pro forma diluted	$ 0.94	$ 1.07	$ 0.95

The weighted average fair value per share of options granted in 2002, 2001, and 2000 was $18.19, $15.44 and $14.18, respectively. The fair value for options granted under the above described plans was estimated at the date of grant using the Black Scholes pricing model with the following assumptions:

	2002	2001	2000
Risk-free interest rate	2.2%	3.9%	6.2%
Dividend yield	0.0%	0.0%	0.0%
Expected volatility	120.0%	85.0%	75.0%
Expected life (years)	4.4	4.3	4.0

WEST CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

YEARS ENDED DECEMBER 31, 2002, 2001 AND 2000
(DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

Restricted Stock—In 2002 the company entered into a restricted stock agreement as part of the compensation package for a senior executive officer. This agreement called for granting 80,000 shares of restricted Company common stock at no cost to the senior executive officer. These shares carry voting rights; however sale or transfer of the shares is restricted until vested. The fair value of these restricted shares on the grant date was $16.825 per share or $1,346. These restricted shares vest over five years and will be recognized as compensation expense over that time period. During 2002, $269 was recognized as compensation expense.

Preferred Stock—The Board of Directors of the Company has the authority, without any further vote or action by the stockholders, to provide for the issuance of up to ten million shares of preferred stock from time to time in one or more series with such designations, rights, preferences and limitations as the Board of Directors may determine, including the consideration received therefore. The Board also has the authority to determine the number of shares comprising each series, dividend rates, redemption provisions, liquidation preferences, sinking fund provisions, conversion rights and voting rights without approval by the holders of common stock.

Minority Interest—On May 4, 2000, the Company consummated the purchase of an equity interest in excess of 80% in a new venture West Direct, Inc., that was formed to develop and commercialize an innovative new technology that is the subject of a patent issued on April 25, 2000. The technology relates to a process that the Company believes could have applications in the CRM industry and a wide range of other industries. In connection therewith, the Company's venture partner was extended an option during the first 18 months of the venture to surrender its 5% equity interest in the venture in exchange for $12,000 in cash plus an option to acquire 325,000 shares of the Company's common stock, exercisable at $26.03 per share. The venture partner elected to exercise this option on October 2, 2001. The Company utilized the Black-Scholes pricing model to value the options to acquire the 325,000 shares of the Company's Common Stock. The sum of that calculation and the $12,000 in cash resulted in the valuation of the patent at $14,666, which is being amortized over the life of the patent, 17 years. During the third quarter of 2002 the Company purchased an additional 10,000 shares of West Direct, Inc. from a minority stockholder for $160. As a result, the Company owned 87.75% of West Direct, Inc. at December 31, 2002.

Recent Accounting Pronouncements—In April 2002, the Financial Accounting Standards Board ("FASB") issued SFAS No. 145, *"Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections"* ("SFAS 145"). SFAS 145 concludes that debt extinguishments used as part of a company's risk management strategy should not be classified as an extraordinary item. SFAS 145 also requires sale-leaseback accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. Management believes that SFAS 145 will not have a significant impact on the Company's Consolidated Financial Statements.

In June 2002, the FASB issued SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities* ("SFAS 146"). SFAS 146 requires companies to recognize the costs associated with exit or disposal activities when they are incurred. SFAS 146 is effective for exit or disposal activities that are initiated subsequent to December 31, 2002. Accordingly, the Company will apply the provisions of SFAS 146 prospectively to exit or disposal activities initiated subsequent to December 31, 2002. Management believes that SFAS 146 will not have a significant impact on the Company's Consolidated Financial Statements.

In November 2002, the FASB issued FASB Interpretation ("FIN") No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others* ("FIN 45"). FIN 45 clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair

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value of the obligation undertaken in issuing certain guarantees. FIN 45 also expands the disclosures to be made by a guarantor in its financial statements about its obligations under certain guarantees that it has issued. The recognition provisions of FIN 45 are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. The disclosure requirements of FIN 45 are effective for the Company in 2003. Management believes that FIN 45 will not have a significant impact on the Company's Consolidated Financial Statements.

In January 2003, the FASB issued FIN 46, *Consolidation of Variable Interest Entities (an interpretation of ARB No. 51*) ("FIN 46"). FIN 46 requires an enterprise to consolidate a variable interest entity if that enterprise has a variable interest (or combination of variable interests) that will absorb a majority of the entity's expected losses if they occur, receive a majority of the entity's expected residual returns if they occur, or both. This standard applies immediately to all variable interest entities created after January 31, 2003, and is effective for the first fiscal year or interim period beginning after June 15, 2003 for variable interest entities in which an enterprise holds a variable interest that it acquired before February 1, 2003. Management believes that FIN 46 will not have a significant impact on the Company's Consolidated Financial Statements.

Reclassifications—Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation.

B. GOODWILL AND OTHER INTANGIBLE ASSETS—ADOPTION OF SFAS NO. 142

The Company adopted SFAS No. 142, *Goodwill and Other Intangible Assets* beginning on January 1, 2002. SFAS No. 142 provides that goodwill and other intangible assets with indefinite lives will not be amortized, but will be tested for impairment on an annual basis. The Company has determined that presently goodwill is not impaired and therefore no write-off is necessary. The historical impact of not amortizing goodwill would have resulted in an increase in net income for the year ended December 31, 2001 and 2000 by $1,684. The following table presents the effect of not amortizing goodwill on reported net income, basic earnings per share and diluted earnings per share.

	December 31,		
	2002	2001	2000
Reported net income	$ 68,642	$ 75,786	$ 70,259
Add back: Goodwill amortization	—	1,684	1,684
Adjusted net income	$ 68,642	$ 77,470	$ 71,943
Basic earnings per share:			
Reported net income	$ 1.04	$ 1.17	$ 1.10
Goodwill amortization	—	0.02	0.02
Adjusted net income	$ 1.04	$ 1.19	$ 1.12
Diluted earnings per share:			
Reported net income	$ 1.01	$ 1.11	$ 1.03
Goodwill amortization	—	0.03	0.03
Adjusted net income	$ 1.01	$ 1.14	$ 1.06

The Company also has a patent, which is classified as a finite life intangible asset. This patent was valued at $14,666 when it was acquired on May 4, 2000. The patent is being amortized over the life of the patent, 17 years, using a straight-line method. Goodwill and other intangible assets acquired in 2002 through acquisitions are discussed in Note C.

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C. ACQUISITIONS

During the year ended December 31, 2002, the Company acquired the following three entities for a cost of $80,382, net of cash received of $5,010, plus an additional $11,440 in assumed liabilities. The results of operations of the acquired businesses are included in the accompanying statement of operations and statement of cash flows subsequent to their respective acquisition dates.

- Tel Mark Sales, Inc., based in Appleton, Wisconsin, is a provider of outsourced business to business telesales services. The stock of Tel Mark Sales, Inc. was acquired on January 1, 2002.
- Dakotah Direct II, LLC, based in Spokane, Washington, is a customer relationship services company that focuses on providing marketing and customer solutions through inbound and outbound services. The membership interests of Dakotah Direct II, LLC were acquired on March 1, 2002.
- Attention LLC, based in Atlanta, Georgia, provides accounts receivable management to clients in various industries. The membership interests of Attention LLC were acquired on August 1, 2002.

There is a provision for a three-year contingent earn-out with a maximum earn-out of $5,000 per year relating to one of the acquisitions completed in the first quarter of 2002. The earn-out is based on the acquired entity achieving certain revenue growth objectives. Based on the revenue growth achieved by this entity an accrual of $2,752 was recorded in 2002. In the Attention LLC acquisition additional consideration will be payable over the four year period between 2004 and 2008, which will range from a minimum of $21,500 to a maximum of $50,000, based on the acquired entity's satisfaction of certain earnings objectives during the years ending December 31, 2003 thru 2007. At December 31, 2002, the $21,500 minimum payment was accrued as an other long-term obligation.

The Company has allocated the excess of the cost over the fair value of the assets acquired and liabilities assumed to goodwill based on independent appraisals. The appraisals for one of the acquisitions had not been completed at December 31, 2002. Goodwill recognized in those three transactions amounted to $72,204. Other intangible assets recognized in those transactions amounted to $25,322. These intangible assets, including customer lists, a favorable lease, non-competition agreements, trade names and software, are being amortized over one to twenty years depending on the estimated remaining useful lives of the various intangible assets.

Amortization expense for finite lived intangible assets was $3,381, $868 and $576 for the years ended December 31, 2002, 2001 and 2000, respectively. Estimated amortization expense for these intangible assets over the next five-years are as follows:

Year Ending December 31,		
2003	$	4,671
2004	$	4,253
2005	$	3,730
2006	$	3,276
2007	$	3,035

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The Company's unaudited pro forma results of operations for the years ended December 31, 2002 and 2001, assuming the acquisitions referred to above occurred as of the beginning of the periods presented are as follows:

	2002	2001
Revenue	$842,414	$870,711
Net Income	$ 68,636	$ 81,823
Earnings per common share—basic	$ 1.04	$ 1.26
Earnings per common share—diluted	$ 1.01	$ 1.20

The pro forma results above are not necessarily indicative of the operating results that would have actually occurred if the acquisitions had been in effect on the dates indicated, nor are they necessarily indicative of future results of the combined companies. The Company believes synergies and cost savings will result from the acquisitions and would affect the pro forma results noted above.

D. PROPERTY AND EQUIPMENT

Property and equipment, at cost consisted of the following:

	December 31,	
	2002	2001
Land and improvements	$ 6,729	$ 6,710
Buildings	43,413	42,314
Telephone and computer equipment	261,403	220,387
Office furniture and equipment	40,760	37,484
Leasehold improvements	60,290	59,005
Construction in progress	15,030	10,172
	$ 427,625	$ 376,072

The Company leases certain land, buildings and equipment under operating and capital leases, which expire at varying dates through March 2014. Rent expense on operating leases was $10,983, $8,188 and $6,730 for the years ended December 31, 2002, 2001 and 2000, respectively, exclusive of related party lease expense as discussed in Note G. On all real estate leases, the Company pays real estate taxes, insurance and maintenance associated with the leased sites. Certain of the leases offer extension options ranging from month to month to five years. All of the capital leases call for transfer of ownership or contain bargain purchase options at the end of the lease term. Amortization of assets purchased through capital lease agreements is included in depreciation expense.

	December 31,	
	2002	2001
Assets under capital leases consisted of:		
Telephone and computer equipment	$ 19,288	$ 23,176
Office furniture and equipment	—	676
Lease/building improvements	—	101
Total costs	19,288	23,953
Accumulated depreciation	(4,703)	(8,284)
Net book value	$ 14,585	$ 15,669

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Future minimum payments under non-cancelable operating and capital leases with initial or remaining terms of one year or more and present value of the net minimum lease payments are as presented below exclusive of related party leases as discussed in Note G:

	Operating Leases	Capital Leases
Year Ending December 31,		
2003	$ 14,143	$ 6,923
2004	11,758	5,934
2005	9,770	2,021
2006	6,952	—
2007	2,411	—
2008 and thereafter	4,270	—
Total minimum obligations	$ 49,304	14,878
Less interest at 4.49% to 6.12%		736
Present value of net minimum lease payments		14,142
Less current portion		6,425
		$ 7,717

During the first quarter of 2001, the Company executed lease agreements for a 34,000 square foot office building in San Antonio, Texas and a 158,000 square foot office building in Omaha, Nebraska that was completed in 2002. The leases have five-year terms with three renewal options of five years each. The lease payments are based on a variable interest rate at 87.5 basis points over a selected LIBOR, 1.378%, at December 31, 2002. The actual interest rate at December 31, 2002 was 2.25%. The estimated aggregate lease expense on these leases for 2003 through 2007 is included in the minimum lease payments schedule above. The Company may, at any time elect to exercise a purchase option of approximately $10,000 for the San Antonio building and approximately $31,000 for the Omaha building. If the Company elects not to purchase either building or renew either lease, the buildings would be returned to the lessee for remarketing, and the Company has guaranteed a residual value of 85% on each building. At December 31, 2002, the guarantee for the San Antonio and Omaha buildings was approximately $34,850.

D. ACCRUED EXPENSES

Accrued expenses consisted of the following:

	December 31,	
	2002	2001
Accrued wages and benefits	$ 13,717	$ 11,412
Customer deposits and holdbacks	3,691	8,131
Accrued phone	4,025	5,520
Other current liabilities	15,655	11,725
	$ 37,088	$ 36,788

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F. LONG-TERM OBLIGATIONS AND CREDIT ARRANGEMENTS

The Company has a $25,000 unsecured revolving credit facility. Advances under the revolving credit facility bear interest at the prime rate less 1.0% (actual rate 3.25% at December 31, 2002). The revolving credit facility expires on June 28, 2003. Outstanding borrowings under the revolving credit facility totaled $-0- at December 31, 2002 and 2001. The Company's credit facility contains certain financial and other covenants which contain current ratio and tangible net worth requirements and limitations on indebtedness, among others. The financial covenants were met at December 31, 2002.

Long-term obligations consisted of the following:

	December 31,	
	2002	2001
Mortgage note payable to bank, due in monthly installments of $55 plus interest at 0.5% less than the prime rate with a minimum rate of 5% and a maximum rate of 8% per annum, balloon payment at maturity at January 1, 2007	$ 10,100	$ —
Mortgage note payable to bank, refinanced on March 8, 2002	—	10,717
Note payable to bank, due in monthly installments of $278, including interest at 1% less than the prime rate (actual rate 3.25% at December 31, 2002) maturing June 30, 2003	1,667	5,000
Notes payable repaid in 2002	—	7,100
Promissory note assumed in the Dakotah Direct II, LLC acquisition, interest at 2.75%, interest only paid quarterly, maturing March 1, 2003	3,738	—
Capital lease obligations (See Note D)	14,142	7,454
	29,647	30,271
Less current maturities:		
Debt	6,067	6,525
Capital lease obligations (See Note D)	6,425	2,853
Current maturities of long-term obligations	12,492	9,378
Long-term obligations	$ 17,155	$ 20,893

Several of the agreements contain restrictive financial covenants, which, among other things, require the maintenance of certain ratios and minimum tangible net worth, as defined in the agreements. The financial covenants were met at December 31, 2002.

Scheduled maturities on long-term debt excluding capital lease obligations described in Note D, are as follows:

Year Ending December 31,	
2003	$ 6,067
2004	662
2005	662
2006	662
2007	7,452

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G. RELATED PARTY TRANSACTIONS

The Company leases certain office space owned by a partnership whose partners are majority stockholders of the Company. The lease expires August 31, 2004, and is accounted for as an operating lease. Required lease payments are as follows:

Year Ending December 31,		
2003	$	1,035
2004		717

Lease expense was $976, $921 and $869 for the years ended December 31, 2002, 2001 and 2000, respectively.

H. INCOME TAXES

Components of the actual income tax expense were as follows:

	Year Ended December 31,		
	2002	2001	2000
Current income tax expense:			
Federal	$ 30,477	$ 44,006	$ 39,134
State	2,727	1,113	2,332
	33,204	45,119	41,466
Deferred income tax expense (benefit):			
Federal	6,069	(418)	(707)
State	433	(68)	(96)
	6,502	(486)	(803)
	$ 39,706	$ 44,633	$ 40,663

A reconciliation of income tax expense computed at statutory tax rates compared to effective income tax rates was as follows:

	Year Ended December 31,		
	2002	2001	2000
Statutory rate	35.0%	35.0%	35.0%
State income tax effect	1.6%	0.6%	1.4%
Other	0.0%	1.5%	0.3%
	36.6%	37.1%	36.7%

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Significant temporary differences between reported financial and taxable earnings that give rise to deferred tax assets and liabilities were as follows:

	December 31,	
	2002	2001
Deferred tax assets:		
Allowance for doubtful accounts	$ 2,270	$ 3,710
Deferred tax liabilities:		
Depreciation	11,691	6,629
Net deferred tax liability	$ 9,421	$ 2,919

The deferred tax assets at December 31, 2002 and 2001 were included in other current assets.

I. EMPLOYEE BENEFITS AND INCENTIVE PLANS

The Company has a 401(k) plan, which covers substantially all employees twenty-one years of age or older who will also complete a minimum of 1,000 hours of service in each calendar year. Under the plan, the Company will match 50% of employees' contributions up to 14% of their gross salary if the employee satisfies the 1,000 hours of service requirement during the calendar year. The Company's matching contributions vest 25% per year beginning after the second service anniversary date. The matching contributions are 100% vested after the employee has attained five years of service. Total employer contributions under the plan were $1,634, $1,233 and $1,614 for the years ended December 31, 2002, 2001 and 2000, respectively. The Dakotah Direct II, LLC 401(k) plan was merged into the Company's plan during 2002. The 401(k) plans of Tel Mark Sales, Inc. and Attention LLC will be merged into the Company's 401(k) plan early in 2003. Employer contributions under these two plans were $279 for the year ended December 31, 2002.

During 2000, the Company established a grantor trust under the West Corporation Executive Retirement Savings Plan ("Trust"). The principal of the Trust, and any earnings thereon shall be held separate and apart from other funds of the Company and shall be used exclusively for the uses and purposes of plan participants and general creditors. Participation in the Trust is voluntary and is restricted to highly compensated individuals as defined by the Internal Revenue Service. The Company will match 50% of employee contributions, limited to the same maximums as those of the 401(k) plan. Total employer contributions under the plan were $428, $318 and $221 for the years ended December 31, 2002, 2001 and 2000.

During December 2002, the Company established the Company's Nonqualified Deferred Compensation Plan (the "Deferred Compensation Plan"). Pursuant to the terms of the Deferred Compensation Plan, eligible management, non-employee directors or highly compensated employees may elect to defer a portion of their compensation and have such deferred compensation notionally invested in the same investments made available to participants of the 401(k) plan or in Common Stock of the Company ("Common Shares"). The Company will match 50% of any amounts notionally invested in Common Shares, where matched amounts are subject to a five year vesting schedule with 20% vesting each year. The Deferred Compensation Plan is an unfunded benefit plan, and all participants have the same rights as unsecured general creditors of the Company.

In June 2002, the Company amended the Company's 1996 Stock Incentive Plan (the "Plan"), which authorizes the grant to employees, consultants and non-employee directors of the Company options to purchase Common Shares, as well as other incentive awards based on the Common Shares. Awards covering a maximum

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of 9,499,500 Common Shares may be granted under the Plan. Subject to stockholder approval at the Company's next annual meeting, the Plan has been amended to increase this maximum to 12,499,500 Common Shares. The expiration date of the Plan, after which no awards may be granted, is September 24, 2006. However, the administration of the Plan shall continue in effect until all matters relating to the payment of options previously granted have been settled.

The following table presents the activity of the stock options for each of the fiscal years ended December 31, 2002, 2001 and 2000 and the stock options outstanding at the end of the respective fiscal years:

	Stock Option Shares	Weighted Average Exercise Price
Outstanding at January 1, 2000	7,011,400	$ 9.7634
Granted	145,000	24.0054
Canceled	(60,780)	9.8268
Exercised	(1,182,995)	9.7268
Outstanding at December 31, 2000	5,912,625	10.1194
Granted	474,000	23.9668
Canceled	(383,865)	9.7027
Exercised	(804,520)	9.7979
Outstanding at December 31, 2001	5,198,240	11.4626
Granted	338,000	23.1665
Canceled	(279,165)	9.9765
Exercised	(876,619)	9.7803
Outstanding at December 31, 2002	4,380,456	$ 12.7981
Shares available for future grants at December 31, 2002	5,254,910	

The following table summarizes information about the Company's employee stock options outstanding at December 31, 2002:

Range of Exercise Prices	Stock Option Shares Outstanding	Average Remaining Contractual Life in Years	Weighted Average Exercise Price	Stock Option Shares Exercisable	Weighted Average Exercise Price
$8.00—$8.00	8,000	6.36	$ 8.00	8,000	$ 8.00
$9.69—9.69	3,125,800	5.96	$ 9.6875	1,451,410	$ 9.6875
$10.81—19.79	439,005	7.47	$12.6256	199,501	$11.4818
$20.70—24.85	471,653	8.58	$23.0351	97,779	$22.797
$25.31—25.45	81,500	7.96	$25.3361	39,756	$25.3333
$26.01—26.01	10,000	8.37	$26.01	2,000	$26.01
$26.14—26.14	15,000	9.37	$26.14	—	—
$26.78—26.78	67,500	8.09	$26.7813	16,878	$26.7813
$27.56—27.56	83,748	8.01	$27.5625	20,494	$27.5625
$31.62—31.62	78,250	9.25	$31.62	—	—
$8.00—$31.62	4,380,456	6.58	$12.7981	1,835,818	$11.2871

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During May 1997, the Company and its stockholders adopted the 1997 Employee Stock Purchase Plan (the “1997 Stock Purchase Plan”). The 1997 Stock Purchase Plan provides employees an opportunity to purchase Common Shares through annual offerings. Each employee participating in any offering is granted an option to purchase as many full Common Shares as the participating employee may elect so long as the purchase price for such Common Shares does not exceed 10% of the compensation received by such employee from the Company during the annual offering period or 1,000 Common Shares. The purchase price is to be paid through payroll deductions. The purchase price for each Common Share is equal to 100% of the fair market value of the Common Share on the date of the grant, determined by the average of the high and low NASDAQ National Market quoted market price. On the last day of the offering period, the option to purchase Common Shares becomes exercisable. If at the end of the offering, the fair market value of the Common Shares is less than 100% of the fair market value at the date of grant, then the options will not be deemed exercised and the payroll deductions made with respect to the options will be applied to the next offering unless the employee elects to have the payroll deductions withdrawn from the 1997 Stock Purchase Plan. The maximum number of Common Shares available for sale under the 1997 Stock Purchase Plan was 1,965,532 Common Shares. In accordance with its terms, the 1997 Stock Purchase Plan expired on June 30, 2002.

During June 2002, the Company adopted the 2002 Employee Stock Purchase Plan (The “2002 Stock Purchase Plan”). The terms of the 2002 Stock Purchase Plan are substantially the same as the terms of the 1997 Stock Purchase Plan described above. The purchase price for each Common Share is equal to 100% of the fair market value of the Common Share on the date of the grant, determined by the average of the high and low NASDAQ National Market quoted market price ($22.14 at July 1, 2002). The 2002 Stock Purchase Plan, and all awards granted thereunder, are subject to stockholder approval at the Company’s next annual meeting.

J. COMMITMENTS AND CONTINGENCIES

From time to time, the Company is subject to lawsuits and claims which arise out of its operations in the normal course of its business. The Company and certain of its subsidiaries are defendants in various litigation matters in the ordinary course of business, some of which involve claims for damages that are substantial in amount. The Company believes, except for the items below for which the Company is currently unable to predict the outcome, the disposition of claims currently pending will not have a material adverse effect on the Company’s financial position, results of operations or cash flows.

Brandy L. Ritt, et al. v. Billy Blanks Enterprises, et al. was filed in January 2001 in the Court of Common Pleas in Cuyahoga County, Ohio, against two of the Company’s clients. The suit, a purported class action, was amended for the third time in July 2001 and the Company was added as a defendant at that time. The suit, which seeks statutory, compensatory, and punitive damages as well as injunctive and other relief, alleges violation of various provisions of Ohio’s consumer protection laws, negligent misrepresentation, fraud, breach of contract, unjust enrichment and civil conspiracy in connection with the marketing of certain membership programs offered by the Company’s clients. On February 6, 2002 the court denied the plaintiffs’ motion for class certification. On March 7, 2002, the plaintiffs filed an interlocutory appeal to the 8th District Court of Appeals for the state of Ohio. Oral arguments were heard on December 4, 2002 and the Company is awaiting a decision from the Court.

Patricia Sanford v. Memberworks Incorporated, et al., pending in the United States District Court, Southern District of California, Case No. 02CV0601H was filed on March 28, 2002. West Corporation and West Telemarketing Corporation, are named as defendants in the plaintiff’s class action complaint. The other defendants include Memberworks Incorporated, MWI Essentials, MWI Leisure Advantage, MWI Home &

Garden, MWI Connections and MWI Valuemax. The complaint alleges that class members were sold club memberships by misleading means or billed for club memberships they did not purchase as a part of an upsell offer after ordering another product. The plaintiff asserts four separate claims. The plaintiff claims the defendants mailed unordered merchandise to the plaintiff and the similarly situated class members in violation of 39 USC § 3009. The plaintiff also seeks declaratory relief granting the plaintiff the right to keep any unordered merchandise as a gift. The plaintiff has also asserted claims for conversion, unjust enrichment and fraud. The purported class is composed of all persons in the United States who, after calling a telephone number to inquire about or purchase another product, (1) were sent a membership kit in the mail; (2) were charged for a Memberworks membership program; and (3) were customers of a joint venture between Memberworks and the Company or were wholesale customers of the Company. The Company filed a motion to dismiss for lack of personal jurisdiction, which was denied. The Company joined with Memberworks Incorporated on a motion to dismiss on various other grounds. On July 12, 2002, this motion to dismiss was granted. On September 12, 2002, the plaintiff filed a petition to arbitrate the claims with the American Arbitration Association's Fresno, California office. Despite the fact that the District Court's order on July 12, 2002 explicitly held that the plaintiff's claims against West Corporation and West Telemarketing Corporation were not subject to mandatory arbitration, the plaintiff named West Corporation and West Telemarketing Corporation as defendants in the arbitration. The Company believes that West Corporation and West Telemarketing Corporation are not proper defendants in the arbitration and that the American Arbitration Association lacks jurisdiction over West Corporation and West Telemarketing Corporation. On September 25, 2002, the Company sent a letter to the American Arbitration Association detailing this position. The American Arbitration Association determined that the arbitration should go forward without West Corporation and West Telemarketing Corporation as parties. However, the American Arbitration Association indicated that it may consider West Corporation or West Telemarketing Corporation necessary parties in the future.

Patricia Sanford v. West Corporation et al., pending in the California Superior Court, San Diego County, Case No. GIC805541, was filed on February 13, 2003. West Corporation and West Telemarketing Corporation are named as defendants in the plaintiff's class action complaint. The factual allegations are identical to those in the U.S. District Court Sanford case. The definition of the purported class is also identical. The complaint alleges violations of the California Consumer Legal Remedies Act, California Civ Code § 1750 et seq.; unfair business acts in violation of California Business and Professions Code § 17200 et seq.; untrue or misleading advertising in violation of California Business and Professions Code § 17500 et seq.; and common law claims for conversion, unjust enrichment, fraud and deceit, and negligent misrepresentation. The complaint seeks monetary damages, including punitive damages, as well as injunctive relief. The Company's response to the complaint is due on March 25, 2003.

K. SIGNIFICANT CUSTOMERS AND CREDIT RISK CONCENTRATION

For the years ended December 31, 2002, 2001 and 2000, the Company had 48, 62 and 34 major customers, respectively, who accounted for approximately 80% of total revenues. The Company had one customer, AT&T, who accounted for 25% of total revenue for the year ended December 31, 2002 and 25% and 28% of total revenue for the years ended December 31, 2001 and 2000, respectively. During 2002, AT&T divested two business units. Excluding these business units, AT&T accounted for 19% of 2002 annual revenues. On December 31, 2002 the Company had no material revenue or assets outside the United States.

The accounts and notes receivable subject the Company to the potential for credit risk with their customers. At December 31, 2002, five customers accounted for $53,790 or 38.9% of the gross receivables, compared to

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$79,619, or 47.6% of gross receivables at December 31, 2001. The Company performs ongoing credit evaluations of its customers' financial condition. The Company maintains an allowance for doubtful accounts for potential credit losses based upon historical trends, specific collection problems, historical write-offs, account aging and other analysis of all accounts and notes receivable. As of February 4, 2003, $30,378 of the $53,790 of the December 31, 2002 gross receivables, noted above had been collected.

L. SUPPLEMENTAL CASH FLOW INFORMATION

The following table summarizes supplemental information about the Company's cash flows for the years ended December 31, 2002, 2001 and 2000:

	Years Ended December 31,		
	2002	2001	2000
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for interest	$ 2,286	$ 2,599	$ 3,580
Cash paid during the period for income taxes	$ 29,709	$ 43,280	$ 32,961
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES:			
Acquisition of property through assumption of long-term obligations	$ 16,138	$ 7,536	$ 3,860
Future obligation related to acquisitions	$ 24,252	$ —	$ —
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES:			
Acquisition of patent through issuance of preferred stock of subsidiary	$ —	$ —	$ 14,666
Treasury stock acquired in exchange for stock options exercised	$ —	$ 1,382	$ 2,661
Issuance of stock options in consideration for minority interest	$ —	$ 2,674	$ —
Issuance of restricted stock from treasury stock	$ 1,346	$ —	$ —

WEST CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

YEARS ENDED DECEMBER 31, 2002, 2001 AND 2000
(DOLLARS IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

M. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following is the summary of the unaudited quarterly results of operations for the two years ended December 31, 2002 and 2001.

	Three Months Ended			
	March 31, 2002	June 30, 2002	September 30, 2002	December 31, 2002
Revenue	$ 210,548	$ 195,076	$ 199,354	$ 215,687
Cost of services	102,320	92,787	98,103	106,066
Selling, general and administrative expenses	73,365	71,166	80,320	90,035
Operating income	34,863	31,123	20,931	19,586
Other income	711	431	406	597
Income before income tax expense	35,574	31,554	21,337	20,183
Income tax expense	12,876	11,220	7,682	7,928
Minority Interest	106	49	48	97
Net income	$ 22,592	$ 20,285	$ 13,607	$ 12,158
Earnings per common share:				
Basic	$ 0.35	$ 0.31	$ 0.21	$ 0.18
Diluted	$ 0.33	$ 0.30	$ 0.20	$ 0.18

	Three Months Ended			
	March 31, 2001	June 30, 2001	September 30, 2001	December 31, 2001
Revenue	$ 203,042	$ 193,006	$ 180,968	$ 203,143
Cost of services	103,034	98,431	93,713	103,714
Selling, general and administrative expenses	66,091	64,171	61,736	68,428
Operating income	33,917	30,404	25,519	31,001
Other income (expense)	654	994	(2,063)	496
Income before income tax expense	34,571	31,398	23,456	31,497
Income tax expense	12,661	11,704	8,691	11,577
Minority Interest	73	209	24	197
Net income	$ 21,837	$ 19,485	$ 14,741	$ 19,723
Earnings per common share:				
Basic	$ 0.34	$ 0.30	$ 0.23	$ 0.30
Diluted	$ 0.32	$ 0.28	$ 0.22	$ 0.29

INDEPENDENT AUDITORS' REPORT

Board of Directors and Stockholders
West Corporation

We have audited the consolidated financial statements of West Corporation and subsidiaries (the "Company") as of December 31, 2002 and 2001, and for each of the three years in the period ended December 31, 2002, and have issued our report thereon dated February 4, 2003 (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the change in accounting for goodwill and other intangible assets in connection with the adoption of Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*); such consolidated financial statements and report are included elsewhere in this Form 10-K. Our audits also included the consolidated financial statement schedule of the Company, listed in Item 15. This consolidated financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ DELOITTE & TOUCHE LLP

Deloitte & Touche LLP

Omaha, Nebraska
February 4, 2003

Schedule II

WEST CORPORATION AND SUBSIDIARIES

CONSOLIDATED VALUATION ACCOUNTS

THREE YEARS ENDED DECEMBER 31, 2002
(AMOUNTS IN THOUSANDS)

Description	Balance Beginning of Year	Reserves Obtained with Acquisitions	Additions—Charged to Cost and Expenses	Deductions—Amounts Charged-Off	Balance End of Year
December 31, 2002—Allowance for doubtful accounts—Accounts and notes receivable	$ 9,893	$ 155	$ 24,487	$ 28,396	$ 6,139
December 31, 2001—Allowance for doubtful accounts—Accounts and notes receivable	$ 9,379	—	1,857	1,343	$ 9,893
December 31, 2000—Allowance for doubtful accounts—Accounts and notes receivable	$ 4,717	—	9,723	5,061	$ 9,379

The year end balance in the allowance for doubtful accounts—accounts and notes receivable (current) for the years ended 2002, 2001 and 2000 was $5,139, $6,993 and $6,611 respectively. The year end balance in the allowance for doubtful accounts—long-term notes receivable for the years ended 2002, 2001 and 2000 was $1,000, $2,900 and $2,768, respectively.

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EXHIBIT INDEX

Exhibits identified in parentheses below, on file with the United States Securities and Exchange Commission are incorporated herein by reference as exhibits hereto.

Exhibit Number	Description	Sequential Page Number
2.01	Purchase Agreement, dated as of July 23, 2002, by and among the Company, Attention LLC, the sellers and the sellers' representative named therein (Exhibit 2.1 to Form 8-K dated August 2, 2002, File No. 000-21771)	*
3.01	Restated Certificate of Incorporation of the Company (Exhibit 99.02 to Form 8-K dated December 29, 2001, File No. 000-21771)	*
3.02	Restated By-Laws of the Company (Exhibit 3.01 to Form 10-Q dated November 4, 2002, File No. 000-21771)	*
10.01	Form of Registration Rights Agreement (Exhibit 10.01 to Registration Statement under Form S-1 (Amendment No. 1) dated November 12, 1996, File No. 333-13991)	*
10.02	Restated 1996 Stock Incentive Plan dated June 3, 2002 and Amendment No. 1 thereto dated December 30, 2002	**
10.03	Agreement and Plan of Reorganization (Exhibit 10.05 to Registration Statement under Form S-1 (Amendment No. 2) dated November 21, 1996, File No. 333-13991)	*
10.04	Employment Agreement between the Company and Thomas B. Barker dated January 1, 1999, as amended February 10, 2003	**
10.05	Employment Agreement between the Company and Paul M. Mendlik, dated September 12, 2002, effective November 4, 2002 (Exhibit 10.01 to Form 10-Q dated November 4, 2002 File No. 000-21771)	*
10.06	Stock Redemption Agreement, dated April 9, 1996, by and among John W. Erwin, Gary L. West, Mary E. West and Troy L. Eaden (Exhibit 10.11 to Registration Statement under Form S-1 (Amendment No. 1) dated November 12, 1996, File No. 333-13991)	*
10.07	Assignment and Assumption Agreement, dated as of November 12, 1996, by and among Gary L. West, Mary E. West, Troy L. Eaden and the Company (Exhibit 10.12 to Registration Statement under Form S-1 (Amendment No. 2) dated November 21, 1996, File No. 333-13991)	*
10.08	Personnel Company Subscription Service Agreement, dated as of November 12, 1996, between West Telemarketing Insurance Agency, Inc. and West Telemarketing Corporation Direct Teleservices (Exhibit 10.13 to Registration Statement under Form S-1 (Amendment No. 2) dated November 21, 1996, File No. 333-13991)	*
10.09	Lease, dated September 1, 1994, by and between West Telemarketing Corporation and 99-Maple Partnership (Exhibit 10.14 to Registration Statement under Form S-1 (Amendment No. 1) dated November 12, 1996, File No. 333-13991)	*
10.10	Employment Agreement between the Company and Nancee R. Berger, dated January 1, 1999, as amended February 10, 2003	**
10.11	Employee Stock Purchase Plan dated June 3, 2002	**
10.12	Employment Agreement between the Company and Mark V. Lavin dated July 1, 1999, as amended February 10, 2003	**
10.13	Employment Agreement between the Company and Steven M. Stangl dated January 1, 1999, as amended February 10, 2003	**

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Exhibit Number	Description	Sequential Page Number
10.14	Employment Agreement between the Company and Michael M. Sturgeon, dated January 1, 1999, as amended February 10, 2003	**
10.15	Employment Agreement between the Company and Jon R. (Skip) Hanson, dated October 4, 1999, as amended February 10, 2003	**
10.16	Employment Agreement between West Direct, Inc. and Todd B. Strubbe, dated July 30, 2001, as amended February 10, 2003	**
10.17	Employment Agreement between the Company and Michael E. Mazour, dated July 1, 2000, as amended February 10, 2003	**
10.18	Restricted Stock Agreements between the Company and Paul M. Mendlik dated September 12, 2002 (Exhibit 10.02 to Form 10-Q dated November 4, 2002, File No. 000-21771)	*
10.19	Nonqualified Deferred Compensation Plan, dated December 30, 2002	**
21.01	Subsidiaries of the Company (Exhibit 21.01 to Registration Statement under Form S-1 (Amendment No. 2) dated November 21, 1996, File No. 333-13991)	*
23.01	Consent of Deloitte & Touche LLP	**
99.01	Certification pursuant to 18 U.S.C. section 1350 as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002	**
99.02	Certification pursuant to 18 U.S.C. section 1350 as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002	**

* Indicates that the page number for such item is not applicable.

** Filed herewith.

RESTATED
WEST CORPORATION
1996 STOCK INCENTIVE PLAN

Purpose

The purpose of the Plan is to provide a means through which the Company may attract able persons to become and remain directors of the Company and enter and remain in the employ or in a consulting relationship with the Company and its Subsidiaries and to provide a means whereby they can acquire and maintain Common Stock ownership, or be paid incentive compensation measured by reference to the value of Common Stock, thereby strengthening their commitment to the welfare of the Company and promoting an identity of interest between stockholders of the Company and these employees, directors and consultants.

So that the appropriate incentive can be provided, the Plan provides for granting Incentive Stock Options, Nonqualified Stock Options, Stock Appreciation Rights, Restricted Stock Awards, Phantom Stock Unit Awards, Performance Share Unit Awards and Stock Bonus Awards, or any combination of the foregoing. The Plan also provides for the automatic grant of Nonqualified Stock Options to Non-Employee Directors.

Definitions

The following definitions shall be applicable throughout the Plan.

“Award” means, individually or collectively, any Incentive Stock Option, Nonqualified Stock Option, Stock Appreciation Right, Restricted Stock Award, Phantom Stock Unit Award, Performance Share Unit Award, Stock Bonus Award, Director Stock Award or any other Stock-based award under the Plan.

“Award Agreement” means the agreement between the Company and a Participant who has been granted an Award which defines the rights and obligations of the parties with respect to such Award.

“Award Period” means a period of time within which performance is measured for the purpose of determining whether an Award of Performance Share Units has been earned.

“Board” means the Board of Directors of the Company.

“Cause” means the Company or a Subsidiary (as the case may be) having cause to terminate a Participant’s employment or service in accordance with the provisions of any existing employment, consulting or any other agreement between the Participant and the Company or a Subsidiary (as the case may be) or, in the absence of such an employment, consulting or other agreement which defines or describes such cause, upon (i) the determination by the Company or such Subsidiary (as the case may be) that the Participant has engaged, during the performance of his duties to the Company or such Subsidiary, in significant objective acts or omissions constituting dishonesty, willful misconduct or gross negligence relating to the business of the Company or a Subsidiary.

“Change in Control” shall, unless in the case of a particular award, the applicable Award Agreement states otherwise, be deemed to occur if:

(i) the Company enters into any agreement to engage in a transaction, the consummation of which would result in any “person,” as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 (the “Exchange Act”) (other than (A) the Company, (B) any Subsidiary, (C) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary or (D) Gary West, his immediate family, any lineal decedents or any entity directly or indirectly owned or controlled by them) becoming the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing forty percent (40%) or more of the combined voting power of the Company’s then outstanding securities, provided that such transaction actually does occur;

(ii) individuals who constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in clause (i), (iii) or (iv) of this Section 2(f)) whose election by the Board or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved (unless the approval of the election or nomination for election of such new directors was in connection with an actual or threatened election or proxy contest), cease for any reason to constitute at least a majority thereof;

(iii) the Company enters into any agreement to engage in a transaction, the consummation of which would result in, or the stockholders of the Company approve, a merger or consolidation of the Company with any other corporation, and such merger or consolidation actually does occur other than (a) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by converted into voting securities of the surviving entity) more than fifty percent (50%) of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation or (b) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no "person" (as defined above in (i), including the exemptions thereto) acquires forty percent (40%) or more of the combined voting power of the Company's then outstanding securities; or

(iv) the Company enters into any agreement to engage in a transaction, the consummation of which would result in, or the stockholders of the Company approve, a complete liquidation of the Company or the sale or disposition by the Company of all or substantially all of the Company's assets of any transaction having a similar effect, provided that such liquidation, sale or disposition actually does occur.

"Code" means the Internal Revenue Code of 1986, as amended. Reference in the Plan to any section of the Code shall be deemed to include any amendments or successor provisions to such section and any regulations under such section.

"Committee" means the full Board, the Compensation Committee of the Board or such other committee appointed by the Board to administer the Plan.

"Common Stock" means the common stock par value $0.01 per share, of the Company.

"Company" means West Corporation, a Delaware corporation.

"Consummation Date" shall mean the date of consummation of the Company's initial public offering of Common Stock.

"Date of Grant" means the date on which the granting of an Award is authorized or such other date as may be specified in such authorization.

"Director Stock Option" means the Award of a Nonqualified Stock Option to Non-Employee Directors pursuant to Section 12.

"Director Stock Option Agreement" means the agreement entered into with respect to a Director Stock Option pursuant to Section 12.

"Disability" means the complete and permanent inability by reason of illness or accident to perform the duties of the occupation at which a Participant was employed or served when such disability commenced or, if the Participant was retired when such disability commenced, the inability to engage in any substantial gainful activity, in either case as determined by the Committee based upon medical evidence acceptable to it.

"Eligible Person" means any (i) person regularly employed by the Company or a Subsidiary; provided, however, that no such employee covered by a collective bargaining agreement shall be an Eligible Person unless and to the extent that such eligibility is set forth in such collective bargaining agreement or in an agreement or instrument relating thereto; (ii) director of the Company or Subsidiary other than an Non-Employee Director; or (iii) consultant to the Company or a Subsidiary.

"Exchange Act" means the Securities Exchange Act of 1934.

"Fair Market Value" on a given date means (i) if the Stock is listed on a national securities exchange, the mean between the highest and lowest sale prices reported as having occurred on the primary exchange with which the Stock is listed and traded on the date prior to such date, or, if there is no such sale on that date, then on the last preceding date on which such a sale was reported; (ii) if the Stock is not listed on any national securities exchange but is quoted in the National Market System of the National Association of Securities Dealers Automated Quotation System on a last sale basis, the average between the high bid price and low ask price reported on the date prior to such date, or, if there is no such sale on that date, then on the last preceding date on which a sale was reported; or

(iii) if the Stock is not listed on a national securities exchange nor quoted in the National Market System of the National Association of Securities Dealers Automated Quotation System on a last sale basis, the amount determined by the Committee to be the fair market value based upon a good faith attempt to value the Stock accurately.

"Holder" means a Participant who has been granted an Award.

"Incentive Stock Option" means an Option granted by the Committee to a Participant under the Plan which is designated by the Committee as an "incentive stock option" within the meaning of Section 422 of the Code.

"IPO Price" means the price at which Common Stock is sold in the Company's initial public offering.

"Non-Employee Director" means a member of the Board who is not an employee of the Company.

"Nonqualified Stock Option" means an Option granted under the Plan which is not designated as an Incentive Stock Option.

"Normal Termination" means termination of employment or service with the Company or a Subsidiary:

Upon retirement pursuant to the retirement plan of the Company or a Subsidiary (as the case may be), as may be applicable at the time to the Participant in question;

With written approval of the Committee; or

By the Company without Cause.

"Option" means an Award granted under Section 7 of the Plan.

"Option Period" means the period described in Section 7(c).

"Option Price" means the exercise price set for an Option described in Section 7(a).

"Participant" means an Eligible Person who has been selected by the Committee to participate in the Plan and to receive an Award pursuant to Section 7 and a Non-Employee Director who has received an automatic grant of Nonqualified Stock Options pursuant to Section 12.

"Performance Goals" means the performance objectives of the Company during an Award Period or Restricted Period, with respect to Performance Share Units, Restricted Stock or Phantom Stock Units, respectively, established for the purpose of determining whether, and to what extent, such Awards will be earned for an Award Period or Restricted Period.

"Performance Share Unit" means a hypothetical investment equivalent equal to one share of Stock granted in connection with an Award made under Section 9 of the Plan.

"Phantom Stock Unit" means a hypothetical investment equivalent equal to one share of Stock granted in connection with an Award made under Section 10 of the Plan.

"Plan" means the Company's Restated 1996 Stock Incentive Plan.

"Qualified Committee" means a committee composed of at least two Qualified Directors.

"Qualified Director" means a person who is (i) a "non-employee director," as defined in Rule 16b-3 under the Exchange Act or any successor rule or regulation, and (ii) an "outside director" within the meaning of Section 162(m) of the Code.

"Restricted Period" means, with respect to any share of Restricted Stock or any Phantom Stock Unit, the period of time determined by the Committee during which such Award is subject to the restrictions set forth in Section 10 of the Plan.

"Restricted Stock" means shares of Stock issued or transferred to a Participant subject to forfeiture and the other restrictions set forth in Section 10 of the Plan.

“Restricted Stock Award” means an Award of Restricted Stock granted under Section 10 of the Plan.

“Securities Act” means the Securities Act of 1933, as amended.

“Stock” means the Common Stock or such other authorized shares of stock of the Company as from time to time may be authorized for use under the Plan.

“Stock Appreciation Right” or “SAR” means an Award granted under Section 8 of the Plan.

“Stock Bonus” means a stock bonus award granted under Section 11 of the Plan.

“Strike Price” means the price set for an SAR described in Section 8(a).

“Subsidiary” means any corporation 50% or more of whose stock having general voting power is owned by the Company, or by another Subsidiary, as herein defined, of the Company.

“Vested Unit” shall have the meaning ascribed thereto in Section 10(e).

Effective Date, Duration and Shareholder Approval

The Plan is effective as of September 24, 1996, the date of adoption of the Plan by the Board. The effectiveness of the Plan and the validity of any and all Awards granted pursuant to the Plan is contingent upon approval of the Plan by the stockholders of the Company in a manner which complies with (i) Section 422(b)(1) and, to the extent required to preserve the Company’s income tax deductions, Section 162(m) of the Code and (ii) the requirements of the primary national securities exchange with which the Common Stock is listed, if so listed, and/or the National Market System of the National Association of Securities Dealers Automated Quotation System, if the Common Stock is quoted thereon. Unless and until the stockholders approve the Plan in compliance with the applicable requirements, no Award granted under the Plan shall be effective. See Section 19 for the applicability of the shareholder approval requirements of Section 162(m) of the Code.

The expiration date of the Plan, after which no Awards may be granted hereunder, shall be September 24, 2006; provided, however, that the administration of the Plan shall continue in effect until all matters relating to the payment of Awards previously granted have been settled.

Administration

The Plan shall be administered by the full Board or a committee of the Board composed of at least two persons, each member of which, at the time he takes any action with respect to an Award under the Plan, shall be a “non-employee director,” as defined in Rule 16b-3 under the Exchange Act or any successor rule or regulation; provided that as of and after the date that the exemption for the Plan under Section 162(m) of the Code expires, as set forth in Section 19 herein, to the extent that the Company determines that payment with respect to any Award is intended to be fully deductible by the Company without regard to Section 162(m) of the Code, the Plan shall be administered by a Qualified Committee. The majority of the members of the Committee shall constitute a quorum. The acts of a majority of the members present at any meeting at which a quorum is present or acts approved in writing by a majority of the Committee shall be deemed the acts of the Committee.

Subject to the provisions of the Plan, the Committee shall have exclusive power to:

Select the Eligible Persons to participate in the Plan;

Determine the nature and extent of the Awards to be made to each Participant;

Determine the time or times when Awards will be made to Eligible Persons;

Determine the duration of each Award Period and Restricted Period;

Determine the conditions to which the payment of Awards may be subject;

Establish the Performance Goals, if any, for each Award Period;

Prescribe the form of Award Agreement or other form or forms evidencing Awards; and

Cause records to be established in which there shall be entered, from time to time as Awards are made to Eligible Persons, the date of each Award, the number of Incentive Stock Options, Nonqualified Stock Options, SARs, Phantom Stock Units, Performance Share Units, shares of Restricted Stock and Stock Bonuses awarded by the Committee to each Eligible Person, and the expiration date and the duration of any applicable Award Period or Restricted Period.

The Committee shall have the authority, subject to the provisions of the Plan, to establish, adopt, or revise such rules and regulations and to make all such determinations relating to the Plan as it may deem necessary or advisable for the administration of the Plan. The Committee's interpretation of the Plan or any documents evidencing Awards granted pursuant thereto and all decisions and determinations by the Committee with respect to the Plan shall be final, binding, and conclusive on all parties unless otherwise determined by the Board.

Grant of Awards; Shares Subject to the Plan

The Committee may, from time to time, grant Awards of Options, Stock Appreciation Rights, Restricted Stock, Phantom Stock Units, Performance Share Units, Stock Bonuses and/or any other Award authorized under the Plan to one or more Eligible Persons; provided, however, that:

Subject to Section 15, the aggregate number of shares of Stock made subject to all Awards may not exceed 9,499,500;

Such shares shall be deemed to have been used in payment of Awards whether they are actually delivered or the Fair Market Value equivalent of such shares is paid in cash. In the event any Option, SAR not attached to an Option, Restricted Stock Award, Phantom Stock Unit or Performance Share Unit shall be surrendered, terminate, expire, or be forfeited, the number of shares of Stock no longer subject thereto shall thereupon be released and shall thereafter be available for new Awards under the Plan;

Stock delivered by the Company in settlement of Awards under the Plan may be authorized and unissued Stock or Stock held in the treasury of the Company or may be purchased on the open market or by private purchase;

Following the date that the exemption from the application of Section 162(m) of the Code described in Section 19 (or any other exemption having similar effect) ceases to apply to Awards, no Participant may receive Options or SARs under the Plan with respect to more than 1,000,000 shares of Stock in any one year; and

The Committee may, in its sole discretion, require a Participant to pay consideration for an Award in an amount and in a manner as the Committee deems appropriate.

Eligibility

Participation shall be limited to Eligible Persons selected by the Committee.

Stock Options

The Committee is authorized to grant one or more Incentive Stock Options or Nonqualified Stock Options to any Eligible Person; provided, however, that no Incentive Stock Options shall be granted to any Eligible Person who is not an employee of the Company. Each Option so granted shall be subject to the following conditions or to such other conditions as may be reflected in the applicable Award Agreement.

Option Price. The exercise price ("Option Price") per share of Stock for each Option shall be set by the Committee at the time of grant but, with respect to Nonqualified Stock Options, shall not be less than 85% of the Fair Market Value of a share of Stock at the Date of Grant, and with respect to Incentive Stock Options, shall not be less than the Fair Market Value of a share of Stock at the Date of Grant; provided, however, that (i) the Option Price for each Option issued on or as of the Consummation Date shall be the IPO Price and (ii) following the date that the exemption from the application of Section 162(m) of the Code described in Section 19 (or any other exemption having similar effect) ceases to apply to Options, all Options intended to qualify as "performance-based compensation" under Section 162(m) of the Code shall have an Option Price per share of Stock no less than the Fair Market Value of a share of Stock on the Date of Grant.

Manner of Exercise and Form of Payment. Options which have become exercisable may be exercised by delivery of written notice of exercise to the Committee accompanied by payment of the Option Price. The Option Price shall be payable by bank draft, certified personal check or by wire transfer and/or shares of Stock valued at the

Fair Market Value at the time the Option is exercised (provided that such Stock has been held by the Participant for at least six months) or, in the discretion of the Committee, either (i) in other property having a fair market value on the date of exercise equal to the Option Price, or (ii) by delivering to the Committee a copy of irrevocable instructions to a stockbroker to deliver promptly to the Company an amount of sale or loan proceeds sufficient to pay the Option Price.

Option Period and Expiration. Options shall vest and become exercisable in such manner and on such date or dates determined by the Committee and shall expire after such period, not to exceed ten years with respect to Incentive Stock Options and ten years and one day with respect to Nonqualified Stock Options, as may be determined by the Committee (the "Option Period"); provided, however, that notwithstanding any vesting dates set by the Committee, the Committee may, in its sole discretion, accelerate the exercisability of any Option, which acceleration shall not affect the terms and conditions of any such Option other than with respect to exercisability. If an Option is exercisable in installments, such installments or portions thereof which become exercisable shall remain exercisable until the Option expires. Unless otherwise stated in the applicable Option Award Agreement, the Option shall expire earlier than the end of the Option Period in the following circumstances:

If prior to the end of the Option Period, the Holder shall undergo a Normal Termination, the Option shall expire on the earlier of the last day of the Option Period or the date that is ninety days after the date of such Normal Termination. In such event, the Option shall remain exercisable by the Holder until its expiration, only to the extent the Option was exercisable at the time of such Normal Termination. If the Holder dies prior to the end of the Option Period and while still in the employ or service of the Company or within thirty days of Normal Termination or such Holder becomes Disabled, the Option shall expire on the earlier of the last day of the Option Period or the date that is one year after the date of death or Disability of the Holder. In the event of death, the Option shall remain exercisable by the person or persons to whom the Holder's rights under the Option pass by will or the applicable laws of descent and distribution until its expiration, only to the extent the Option was exercisable by the Holder at the time of death. If the Holder ceases employment or service with the Company for reasons other than Normal Termination, death or Disability, the Option shall expire immediately upon such cessation of employment or service. Other Terms and Conditions. Each Option granted under the Plan shall be evidenced by an Award Agreement, which shall contain such provisions as may be determined by the Committee and, except as may be specifically stated otherwise in such Award Agreement, which shall be subject to the following terms and conditions:

Each Option issued pursuant to this Section 7 or portion thereof that is exercisable shall be exercisable for the full amount or for any part thereof. Each share of Stock purchased through the exercise of an Option issued pursuant to this Section 7 shall be paid for in full at the time of the exercise. Each Option shall cease to be exercisable, as to any share of Stock, when the Holder purchases the share or exercises a related SAR or when the Option expires. Subject to Section 14(k), Options issued pursuant to this Section 7 shall not be transferable by the Holder except by will or the laws of descent and distribution and shall be exercisable during the Holder's lifetime only by him. Each Option issued pursuant to this Section 7 shall vest and become exercisable by the Holder in accordance with the vesting schedule established by the Committee and set forth in the Award Agreement. Each Award Agreement may contain a provision that, upon demand by the Committee for such a representation, the Holder shall deliver to the Committee at the time of any exercise of an Option issued pursuant to this Section 7 a written representation that the shares to be acquired upon such exercise are to be acquired for investment and not for resale or with a view to the distribution thereof. Upon such demand, delivery of such representation prior to the delivery of any shares issued upon exercise of an Option issued pursuant to this Section 7 shall be a condition precedent to the right of the Holder or such other person to purchase any shares. In the event certificates for Stock are delivered under the Plan with respect to which such investment representation has been obtained, the Committee may cause a legend or legends to be placed on such certificates to make appropriate reference to such representation and to restrict transfer in the absence of compliance with applicable federal or state securities laws. Each Incentive Stock Option Award Agreement shall contain a provision requiring the Holder to notify the Company in writing immediately after the Holder makes a disqualifying disposition of any Stock acquired pursuant to the exercise of such Incentive Stock Option. A disqualifying disposition is any disposition (including any sale) of such Stock before the later of (a) two years after the Date of Grant of the Incentive Stock Option or (b) one year after the date the Holder acquired the Stock by exercising the Incentive Stock Option.

Incentive Stock Option Grants to 10% Stockholders. Notwithstanding anything to the contrary in this Section 7, if an Incentive Stock Option is granted to a Holder who owns stock representing more than ten percent of the voting power of all classes of stock of the Company or of a Subsidiary, the Option Period shall not exceed five years from the Date of Grant of such Option and the Option Price shall be at least 110 percent of the Fair Market Value (on the Date of Grant) of the Stock subject to the Option.

$100,000 Per Year Limitation for Incentive Stock Options. To the extent the aggregate Fair Market Value (determined as of the Date of Grant) of Stock for which Incentive Stock Options are exercisable for the first time by any Participant during any calendar year (under all plans of the Company and its Subsidiaries) exceeds $100,000, such excess Incentive Stock Options shall be treated as Nonqualified Stock Options.

Voluntary Surrender. The Committee may permit the voluntary surrender of all or any portion of any Nonqualified Stock Option issued pursuant to this Section 7 and its corresponding SAR, if any, granted under the Plan to be conditioned upon the granting to the Holder of a new Option for the same or a different number of shares as the Option surrendered or require such voluntary surrender as a condition precedent to a grant of a new Option to such Participant. Such new Option shall be exercisable at an Option Price, during an Option Period, and in accordance with any other terms or conditions specified by the Committee at the time the new Option is granted, all determined in accordance with the provisions of the Plan without regard to the Option Price, Option Period, or any other terms and conditions of the Nonqualified Stock Option surrendered.

Stock Appreciation Rights

Any Option granted under the Plan may include SARs, either at the Date of Grant or, except in the case of an Incentive Stock Option, by subsequent amendment. The Committee also may award SARs to Eligible Persons independent of any Option. An SAR shall confer on the Holder thereof the right to receive in shares of Stock, cash or a combination thereof the value equal to the excess of the Fair Market Value of one share of Stock on the date of exercise over the Strike Price of the SAR, with respect to every share of Stock for which the SAR is granted. An SAR shall be subject to such terms and conditions not inconsistent with the Plan as the Committee shall impose, including, but not limited to, the following:

Strike Price. The Strike Price per share of Stock for which an SAR is granted shall be set by the Committee at the time of grant, but (i) with respect to an SAR granted in connection with an Option the Strike Price shall be equal to the Option Price of such Option and (ii) with respect to an SAR granted independently of an Option, the Strike Price shall not be less than 85% of the Fair Market Value of a share of Stock at the Date of Grant.

Vesting. SARs granted in connection with an Option shall become exercisable, be transferable and shall expire according to the same vesting schedule, transferability rules and expiration provisions as the corresponding Option. An SAR granted independently of an Option shall become exercisable, be transferable and shall expire in accordance with a vesting schedule, transferability rules and expiration provisions as established by the Committee and reflected in an Award Agreement.

Automatic Exercise. If on the last day of the Option Period (or in the case of an SAR granted independently of an Option, the period established by the Committee after which the SAR shall expire), the Fair Market Value of the Stock exceeds the Strike Price, the Holder has not exercised the SAR or the corresponding Option (if any), and neither the SAR nor the corresponding Option (if any), has expired, such SAR shall be deemed to have been exercised by the Holder on such last day and the Company shall make the appropriate payment therefor.

Payment. Upon the exercise of an SAR, the Company shall pay to the Holder an amount equal to the number of shares subject to the SAR multiplied by the excess, if any, of the Fair Market Value of one share of Stock on the exercise date over the Strike Price. The Company shall pay such excess in cash, in shares of Stock valued at Fair Market Value, or any combination thereof, as determined by the Committee. Fractional shares shall be settled in cash.

Method of Exercise. A Holder may exercise an SAR after such time as the SAR vests by filing an irrevocable written notice with the Committee or its designee, specifying the number of SARs to be exercised, and the date on which such SARs were awarded.

Expiration. Each SAR shall cease to be exercisable, as to any share of Stock, when the Holder exercises the SAR or exercises a related Option, with respect to such share of Stock. Except as otherwise provided, in the case of SARs granted in connection with Options, an SAR shall expire on a date designated by the Committee which is not later than ten years and one day after the Date of Grant of the SAR; provided, however, with respect to an SAR granted in connection with an Incentive Stock Option, the SAR shall expire on a date designated by the Committee which is not later than ten years after the Date of Grant of the SAR.

Performance Shares

Award Grants. The Committee is authorized to establish Performance Share programs to be effective over designated Award Periods determined by the Committee. The Committee may grant Awards of Performance Share Units to Eligible Persons in accordance with such Performance Share programs. Before or within 90 days after the beginning of each Award Period, the Committee will establish written Performance Goals based upon financial objectives for the Company for such Award Period and a schedule relating the accomplishment of the Performance Goals to the Awards to be earned by Participants. Performance Goals may include absolute or relative growth in earnings per share or rate of return on stockholders' equity or other measurement of corporate performance and may be determined on an individual basis or by categories of Participants. The Committee shall determine the number of Performance Share Units to be awarded, if any, to each Eligible Person who is selected to receive such an Award. The Committee may add new Participants to a Performance Share program after its commencement by making pro rata grants. Notwithstanding the above, following the date that the exemption from Section 162(m) of the Code described in Section 19 (or any other) exemption having similar effect cease to apply to Performance Unit Awards, with respect to such Performance Unit Awards intended to qualify a "performance-based compensation" under Section 162(m) of the Code: (i) no more than 200,000 Performance Share Units may be awarded to any Eligible Person with respect to any Award Period and (ii) Performance Goals must be based on one or more of the following which may be expressed either on an absolute basis or relative to other companies selected by the Committee:

return on capital, equity, or operating costs;
economic value added;
margins;
total stockholder return on market value;
operating profit or net income;
cash flow, earnings before interest and taxes, or earnings before interest, taxes and depreciation;
sales;
costs or expenses.

Determination of Award. At the completion of a Performance Share Award Period, or at other times as specified by the Committee, the Committee shall calculate the number of shares of Stock earned with respect to each Participant's Performance Share Unit Award by multiplying the number of Performance Share Units granted to the Participant by a performance factor (which may be no greater than 50%) representing the degree of attainment of the Performance Goals.

Payment of Performance Share Unit Awards. Performance Share Unit Awards shall be payable in that number of shares of Stock determined in accordance with Section 8(b); provided, however, that, at its discretion, the Committee may make payment to any Participant in the form of cash upon the specific request of such Participant. The amount of any payment made in cash shall be based upon the Fair Market Value of the Stock on the day prior to payment. Payments of Performance Share Unit Awards shall be made as soon as practicable after the completion of an Award Period.

Adjustment of Performance Goals. The Committee may, during the Award Period, make such adjustments to Performance Goals as it may deem appropriate, to compensate for, or reflect, (i) extraordinary or non-recurring events experienced during an Award Period by the Company or by any other corporation whose performance is relevant to the determination of whether Performance Goals have been attained; (ii) any significant changes that may have occurred during such Award Period in applicable accounting rules or principles or changes in the Company's method of accounting or in that of any other corporation whose performance is relevant to the determination of whether an Award has been earned; or (iii) any significant changes that may have occurred during such Award Period in tax laws or other laws or regulations that alter or affect the computation of the measures of Performance Goals used for the calculation of Awards; provided, however, that following the date that the exemption from the application of Section 162(m) of the Code described in Section 19 herein (or any other exemption having similar effect) ceases to apply to Performance Unit Awards, with respect to such Performance Unit Awards intended to qualify as "performance-based compensation" under Section 162(m) of the Code, such adjustment shall be made only to the extent that the Committee determines that such adjustments may be made without a loss of deductibility of the compensation includible with respect to such Award under Section 162(m) of the Code.

Award of Restricted Stock and Phantom Stock Units.

The Committee shall have the authority (1) to grant Restricted Stock and Phantom Stock Unit Awards, (2) to issue or transfer Restricted Stock to Eligible Persons, and (3) to establish terms, conditions and restrictions applicable to such Restricted Stock and Phantom Stock Units, including the Restricted Period, which may differ with respect to each grantee, the time or times at which Restricted Stock or Phantom Stock Units shall be granted or become vested and the number of shares or units to be covered by each grant.

The Holder of a Restricted Stock Award shall execute and deliver to the Company an Award Agreement with respect to the Restricted Stock setting forth the restrictions applicable to such Restricted Stock. If the Committee determines that the Restricted Stock shall be held in escrow rather than delivered to the Holder pending the release of the applicable restrictions, the Holder additionally shall execute and deliver to the Company (i) an escrow agreement satisfactory to the Committee, and (ii) the appropriate blank stock powers with respect to the Restricted Stock covered by such agreements. If a Holder shall fail to execute a Restricted Stock Award Agreement and, if applicable, an escrow agreement and stock powers, the Award shall be null and void. Subject to the restrictions set forth in Section 10(b), the Holder shall generally have the rights and privileges of a stockholder as to such Restricted Stock, including the right to vote such Restricted Stock. At the discretion of the Committee, cash dividends and stock dividends with respect to the Restricted Stock may be either currently paid to the Holder or withheld by the Company for the Holder’s account, and interest may be paid on the amount of cash dividends withheld at a rate and subject to such terms as determined by the Committee. Cash dividends or stock dividends so withheld by the Committee shall not be subject to forfeiture.

Upon the Award of Restricted Stock, the Committee shall cause a Stock certificate registered in the name of the Holder to be issued and, if it so determines, deposited together with the Stock powers with an escrow agent designated by the Committee. If an escrow arrangement is used, the Committee shall cause the escrow agent to issue to the Holder a receipt evidencing any Stock certificate held by it registered in the name of the Holder.

No shares of Stock shall be issued at the time a Phantom Stock Unit Award is made, and the Company will not be required to set aside a fund for the payment of any such Award. Holders of Phantom Stock Units shall receive an amount equal to the cash dividends paid by the Company upon one share of Stock for each Phantom Stock Unit then credited to such Holder’s account (“Dividend Equivalents”). The Committee shall, in its sole discretion, determine whether to credit to the account of, or to currently pay to, each Holder of an Award of Phantom Stock Units such Dividend Equivalents. Dividend Equivalents credited to a Holder’s account shall be subject to forfeiture on the same basis as the related Phantom Stock Units, and may bear interest at a rate and subject to such terms as are determined by the Committee.

Restrictions.

Restricted Stock awarded to a Participant shall be subject to the following restrictions until the expiration of the Restricted Period, and to such other terms and conditions as may be set forth in the applicable Award Agreement: (1) if an escrow arrangement is used, the Holder shall not be entitled to delivery of the Stock certificate; (2) the shares shall be subject to the restrictions on transferability set forth in the Award Agreement; and (3) the shares shall be subject to forfeiture to the extent provided in subparagraph (d) and the Award Agreement and, to the extent such shares are forfeited, the Stock certificates shall be returned to the Company, and all rights of the Holder to such shares and as a shareholder shall terminate without further obligation on the part of the Company.

Phantom Stock Units awarded to any Participant shall be subject to (1) forfeiture until the expiration of the Restricted Period, to the extent provided in subparagraph (d) and the Award Agreement, and to the extent such Awards are forfeited, all rights of the Holder to such Awards shall terminate without further obligation on the part of the Company and (2) such other terms and conditions as may be set forth in the applicable Award agreement.

The Committee shall have the authority to remove any or all of the restrictions on the Restricted

Stock and Phantom Stock Units whenever it may determine that, by reason of changes in applicable laws or other changes in circumstances arising after the date of the Restricted Stock Award or Phantom Stock Award, such action is appropriate.

Restricted Period. The Restricted Period of Restricted Stock and Phantom Stock Units shall commence on the Date of Grant and shall expire from time to time as to that part of the Restricted Stock and Phantom Stock Units indicated in a schedule established by the Committee and set forth in the written Award Agreement.

Forfeiture Provisions. Except to the extent determined by the Committee and reflected in the underlying Award Agreement, in the event a Holder terminates employment with the Company during a Restricted Period for any reason, that portion of the Award with respect to which restrictions have not expired shall be completely forfeited to the Company.

Delivery of Restricted Stock and Settlement of Phantom Stock Units. Upon the expiration of the Restricted Period with respect to any shares of Stock covered by a Restricted Stock Award, the restrictions set forth in Section 10(b) and the Award Agreement shall be of no further force or effect with respect to shares of Restricted Stock which have not then been forfeited. If an escrow arrangement is used, upon such expiration, the Company shall deliver to the Holder, or his beneficiary, without charge, the Stock certificate evidencing the shares of Restricted Stock which have not then been forfeited and with respect to which the Restricted Period has expired (to the nearest full share) and any cash dividends or Stock dividends credited to the Holder's account with respect to such Restricted Stock and the interest thereon, if any.

Upon the expiration of the Restricted Period with respect to any Phantom Stock Units covered by a Phantom Stock Unit Award, the Company shall deliver to the Holder, or his beneficiary, without charge, one share of Stock for each Phantom Stock Unit which has not then been forfeited and with respect to which the Restricted Period has expired ("Vested Unit") and cash equal to any Dividend Equivalents credited with respect to each such Vested Unit and the interest thereon, if any; provided, however, that, if so noted in the applicable Award Agreement, the Committee may, in its sole discretion, elect to pay cash or part cash and part Stock in lieu of delivering only Stock for Vested Units. If cash payment is made in lieu of delivering Stock, the amount of such payment shall be equal to the Fair Market Value of the Stock as of the date on which the Restricted Period lapsed with respect to such Vested Unit.

Stock Restrictions. Each certificate representing Restricted Stock awarded under the Plan shall bear the following legend until the end of the Restricted Period with respect to such Stock:

> "Transfer of this certificate and the shares represented hereby is restricted pursuant to the terms of a Restricted Stock Agreement, dated as of   , between West Corporation and   . A copy of such Agreement is on file at the offices of the Company at 11808 Miracle Hills Drive, Omaha, Nebraska 68154."

Stop transfer orders shall be entered with the Company's transfer agent and registrar against the transfer of legended securities.

Other Awards

The Committee may issue unrestricted Stock or any other Stock-based award under the Plan to Eligible Persons, alone or in tandem with other Awards, in such amounts and subject to such terms and conditions as the Committee shall from time to time in its sole discretion determine. Stock Bonus Awards under the Plan may be granted as, or in payment of, a bonus, or to provide incentives or recognize special achievements or contributions.

Automatic Grants of Stock Options to Non-Employee Directors

Grants of Directors Stock Options. On such date on or after February 1, 1997, any person first becomes a Non-Employee Director, such person shall be automatically granted without further action by the Board or the Committee a Nonqualified Stock Option to purchase 14,000 shares of Stock (the "Initial Grant"). Thereafter, for the remainder of the term of the Plan and provided he remains a Non-Employee Director, on the date of each of the Company's annual meeting of stockholders, each Non-Employee Director shall be automatically granted without further action by the Board or the Committee a Nonqualified Stock Option to Purchase 5,000 shares of Stock (the "Annual Grant"). All such Options granted to Non-Employee Directors shall hereinafter be referred to as Director Stock Options.

Option Price; Vesting.

All Director Stock Options shall have an Option Price per share equal to the Fair Market Value of a share of Stock on the Date of Grant. Subject to expiration under the circumstances described in Section 12(c), the number of shares of Stock subject to each Initial Grant shall vest and become exercisable on the anniversary following the Date of Grant indicated in the following table:

Anniversary	Number of Shares Vested
1st	6,000
2nd	4,000
3rd	4,000

Subject to expiration under the circumstances described in Section 12(c), the number of shares of Stock subject to each Annual Grant shall vest and become exercisable on the anniversary following the Date of Grant indicated on the following table:

Anniversary	Number of Shares Vested
1st	1,000
2nd	2,000
3rd	2,000

Term; Expiration. The term of each Non-Employee Director Option ("Term"), after which each such Option shall expire, shall be ten years from the Date of Grant. If prior to the expiration of the Term of a Director Stock Option, the Non-Employee Director shall cease to be a member of the Board for any reason other than his death or Disability, the Director Stock option shall expire on the earlier of the expiration of the Term or the date that is three months after the date of such cessation. If prior to the expiration of the Term of a Director Stock Option, a Non-Employee Director shall cease to be a member of the Board by reason of his death or Disability, the Director Stock option shall expire on the earlier of the expiration of the Term or the date that is one year after the date of such cessation. Notwithstanding the above, the Board may in its discretion, accelerate the vesting of a Director Stock Option upon a Non-Employee Director's ceasing to be a member of the Board under such circumstances as the Board shall determine. In the event a Non-Employee Director ceases to be a member of the Board for any reason, any unexpired Non-Employee Director Option shall thereafter be exercisable until its expiration only to the extent that such Option was exercisable at the time of such cessation.

Director Stock Option Agreement. Each Director Stock Option shall be evidenced by a Director Stock Option Agreement, which shall contain such provisions as may be determined by the Committee.

Nontransferability; Exclusive Grant. Subject to Section 14(k), Non-Employee Director options shall not be transferable except by will or the laws of descent and distribution and shall be exercisable during the Non-Employee Director's lifetime only by him.

Controlling Stockholders. Notwithstanding anything to the contrary in this Plan, no Controlling Stockholder shall be eligible to receive Director Stock Options pursuant to this Section 12. For purposes of this Section 12(f), the term "Controlling Stockholder" means any person who, either alone or pursuant to an arrangement or understanding with one or more other persons (i) owns and has voting power to vote more than fifty percent (50%) of the outstanding voting equity securities of the Company or (ii) otherwise exercises a controlling influence over the management or policies of the Company by virtue of the person's position as a stockholder of the Company.

Non-Competition Provisions

In addition to such other conditions as may be established by the Committee, in consideration of the granting of Awards under the terms of this Plan, the Committee, in its discretion, may include non-competition provisions in the applicable Award Agreement.

General

Additional Provisions of an Award. Awards under the Plan also may be subject to such other provisions (whether or not applicable to the benefit awarded to any other Participant) as the Committee determines appropriate including, without limitation, provisions to assist the Participant in financing the purchase of Stock upon the exercise of Options, provisions for the forfeiture of or restrictions on resale or other disposition of shares of Stock acquired under any Award, provisions giving the Company the right to repurchase shares of Stock acquired under any Award in the event the Participant elects to dispose of such shares, and provisions to comply with Federal and state securities laws and Federal and state tax withholding requirements. Any such provisions shall be reflected in the applicable Award agreement.

Privileges of Stock Ownership. Except as otherwise specifically provided in the Plan, no person shall be entitled to the privileges of stock ownership in respect of shares of Stock which are subject to Awards hereunder until such shares have been issued to that person.

Government and Other Regulations. The obligation of the Company to make payment of Awards in Stock or otherwise shall be subject to all applicable laws, rules, and regulations, and to such approvals by governmental agencies as may be required. Notwithstanding any terms or conditions of any Award to the contrary, the Company shall be under no obligation to offer to sell or to sell and shall be prohibited from offering to sell or selling any shares of Stock pursuant to an Award unless such shares have been properly registered for sale pursuant to the Securities Act with the Securities and Exchange Commission or unless the Company has received an opinion of counsel, satisfactory to the Company, that such shares may be offered or sold without such registration pursuant to an available exemption therefrom and the terms and conditions of such exemption have been fully complied with. The Company shall be under no obligation to register for sale under the Securities Act any of the shares of Stock to be offered or sold under the Plan. If the shares of Stock offered for sale or sold under the Plan are offered or sold pursuant to an exemption from registration under the Securities Act, the Company may restrict the transfer of such shares and may legend the Stock certificates representing such shares in such manner as it deems advisable to ensure the availability of any such exemption.

Tax Withholding. Notwithstanding any other provision of the Plan, the Company or a Subsidiary, as appropriate, shall have the right to deduct from all Awards cash and/or Stock, valued at Fair Market Value on the date of payment, in an amount necessary to satisfy all Federal, state or local taxes as required by law to be withheld with respect to such Awards and, in the case of Awards paid in Stock, the Holder or other person receiving such Stock may be required to pay to the Company prior to delivery of such Stock, the amount of any such taxes which the Company is required to withhold, if any, with respect to such Stock. Subject in particular cases to the disapproval of the Committee, the Company may accept shares of Stock of equivalent Fair Market Value in payment of such withholding tax obligations if the Holder of the Award elects to make payment in such manner.

Claim to Awards and Employment or Service Rights. No employee or other person shall have any claim or right to be granted an Award under the Plan or, having been selected for the grant of an Award, to be selected for a grant of any other Award. Neither the Plan nor any action taken hereunder shall be construed as giving any Participant any right to be retained in the employ or service of the Company.

Designation and Change of Beneficiary. Each Participant may file with the Committee a written designation of one or more persons as the beneficiary who shall be entitled to receive the rights or amounts payable with respect to an Award due under the Plan upon his death. A Participant may, from time to time, revoke or change his beneficiary designation without the consent of any prior beneficiary by filing a new designation with the Committee. The last such designation received by the Committee shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the Committee prior to the Participant's death, and in no event shall it be effective as of a date prior to such receipt. If no beneficiary designation is filed by the Participant, the beneficiary shall be deemed to be his or her spouse or, if the Participant is unmarried at the time of death, his or her estate.

Payments to Persons Other Than Participants. If the Committee shall find that any person to whom any amount is payable under the Plan is unable to care for his affairs because of illness or accident, or is a minor, or has died, then any payment due to such person or his estate (unless a prior claim therefor has been made by a duly appointed legal representative) may, if the Committee so directs the Company, be paid to his spouse, child, relative, an institution maintaining or having custody of such person, or any other person deemed by the Committee to be a proper recipient on behalf of such person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Committee and the Company therefor.

No Liability of Committee Members. No member of the Committee shall be personally liable by reason of any contract or other instrument executed by such member or on his behalf in his capacity as a member of the Committee nor for any mistake of judgment made in good faith, and the Company shall indemnify and hold harmless each member of the Committee and each other employee, officer or director of the Company to whom any duty or power relating to the administration or interpretation of the Plan may be allocated or delegated, against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim) arising out of any act or omission to act in connection with the Plan unless arising out of such person's own fraud or willful bad faith; provided, however, that approval of the Board shall be required for the payment of any amount in settlement of a claim against any such person. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation or By-Laws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

Governing Law. The Plan shall be governed by and construed in accordance with the internal laws of the State of Delaware without regard to the principles of conflicts of law thereof.

Funding. No provision of the Plan shall require the Company, for the purpose of satisfying any obligations under the Plan, to purchase assets or place any assets in a trust or other entity to which contributions are made or otherwise to segregate any assets, nor shall the Company maintain separate bank accounts, books, records or other evidence of the existence of a segregated or separately maintained or administered fund for such purposes. Holders shall have no rights under the Plan other than as unsecured general creditors of the Company, except that insofar as they may have become entitled to payment of additional compensation by performance of services, they shall have the same rights as other employees under general law.

Nontransferability. A person's rights and interest under the Plan, including amounts payable, may not be sold, assigned, donated, or transferred or otherwise disposed of, mortgaged, pledged or encumbered except, in the event of a Holder's death, to a designated beneficiary to the extent permitted by the Plan, or in the absence of such designation, by will or the laws of descent and distribution; provided, however, the Committee may, in its sole discretion, allow in an Award Agreement for transfer of Awards other than Incentive Stock Options to other persons or entities.

Reliance on Reports. Each member of the Committee and each member of the Board shall be fully justified in relying, acting or failing to act, and shall not be liable for having so relied, acted or failed to act in good faith, upon any report made by the independent public accountant of the Company and its Subsidiaries and upon any other information furnished in connection with the Plan by any person or persons other than himself.

Relationship to Other Benefits. No payment under the Plan shall be taken into account in determining any benefits under any pension, retirement, profit sharing, group insurance or other benefit plan of the Company except as otherwise specifically provided in such other plan.

Expenses. The expenses of administering the Plan shall be borne by the Company.

Pronouns. Masculine pronouns and other words of masculine gender shall refer to both men and women.

Titles and Headings. The titles and headings of the sections in the Plan are for convenience of reference only, and in the event of any conflict, the text of the Plan, rather than such titles or headings shall control.

Changes in Capital Structure

Awards granted under the Plan and any Award Agreements shall be subject to equitable adjustment or substitution, as determined by the Committee in its sole discretion, as to the number, price or kind of a share of Stock or other consideration subject to such Awards (i) in the event of changes in the outstanding Common Stock or in the capital structure of the Company by reason of stock dividends, stock splits, reverse stock splits, recapitalizations, reorganizations, mergers, consolidations, combinations, exchanges, or other relevant changes in capitalization occurring after the Date of Grant of any such Award, (ii) in the event of any change in applicable laws or any change in circumstances which results in or would result in any substantial dilution or enlargement of the rights granted to, or available for, Participants in the Plan, or (iii) upon the occurrence of any other event which otherwise warrants equitable adjustment because it interferes with the intended operation of the Plan. In addition, in the event of any such corporate or other event, the aggregate number of shares of Stock available under the Plan and the maximum number of shares of Stock with respect to which any one person may be granted in connection with Awards during any year shall be appropriately adjusted by the Committee, whose determination shall be conclusive. Following the date that the exemption from the application of Section 162(m) of the Code expires, as set forth in Section 19 herein, with respect to Awards intended to qualify as "performance-based compensation" under Section 162(m) of the Code, such adjustments or substitutions shall be made only to the extent that the Committee determines that such adjustments or substitutions may be made without a loss of deductibility for such Awards under

Section 162(m) of the Code. The Company shall give each Participant notice of an adjustment hereunder and, upon notice, such adjustment shall be conclusive and binding for all purposes.

Notwithstanding the above, in the event of any of the following:

The Company is merged or consolidated with another corporation or entity and, in connection therewith, consideration is received by shareholders of the Company in a form other than stock or other equity interests of the surviving entity;

All or substantially all of the assets of the Company are acquired by another person;

The reorganization or liquidation of the Company; or

The Company shall enter into a written agreement to undergo an event described in clauses A, B or C above,

then the Committee may, in its sole discretion and upon at least 10 days advance notice to the affected persons, cancel any outstanding Awards and pay to the Holders thereof, in cash, the value of such Awards based upon the price per share of Stock received or to be received by other shareholders of the Company in the event. The terms of this Section 15 may be varied by the Committee in any particular Award agreement.

Change in Control

Except to the extent stated otherwise in any individual Award Agreement, upon the occurrence of a Change in Control (i) all outstanding Options and freestanding SARs shall become immediately exercisable in full, (ii) all restrictions with respect to outstanding shares of Restricted Stock shall lapse, (iii) all outstanding Phantom Stock Units will be immediately converted into shares of Stock, or cash equivalents at the discretion of the Committee, and paid out to such Holders, and (iv) the Committee will make a determination on the degree of achievement of all Performance Goals with respect to outstanding Performance Share Units and shall make such payments with respect thereto as it deems appropriate.

Nonexclusivity of the Plan

Neither the adoption of this Plan by the Board nor the submission of this Plan to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of stock options otherwise than under this Plan, and such arrangements may be either applicable generally or only in specific cases.

Amendment and Termination

The Board may at any time terminate the Plan. With the express written consent of an individual Participant, the Board or the Committee may cancel or reduce or otherwise alter outstanding Awards. The Board or the Committee may, at any time, or from time to time, amend or suspend and, if suspended, reinstate, the Plan in whole or in part; provided that any such amendment shall be contingent on obtaining the approval of the shareholders of the Company if the Committee determines that such approval is necessary to comply with any requirement of law or rule of any stock exchange on which the Company’s equity securities are traded, or in order for Awards to qualify for an exception from Section 162(m) of the Code.

Effect of Section 162(m) of the Code

The Plan, and all Awards issued thereunder, are intended to be exempt from the application of Section 162(m) of the Code, which restricts under certain circumstances the Federal income tax deduction for compensation paid by a public company to named executives in excess of $1 million per year. As of the Plan's effective date, the exemption is based on Treasury Regulation Section 1.162-27(f), which generally exempts from the application of Section 162(m) of the Code compensation paid pursuant to a plan that existed before a company becomes publicly held. Under such Treasury Regulation, this exemption is available to the Plan for the duration of the period that lasts until the earlier of (i) the expiration or material modification of the Plan, (ii) the exhaustion of the maximum number of shares of Stock available for Awards under the Plan, as set forth in Section 5(a), or (iii) the first meeting of shareholders at which directors are to be elected that occurs after the close of the third calendar year following the calendar year in which the Company first becomes subject to the reporting obligations of Section 12 of the Exchange Act. The Committee may, without shareholder approval, amend the Plan retroactively and/or prospectively to the extent it determines necessary in order to comply with any subsequent clarification of Section 162(m) of the Code required to preserve the Company's Federal income tax deduction for compensation paid pursuant to the Plan. To the extent that the Committee determines as of the Date of Grant of an Award that (i) the Award is intended to comply with Section 162(m) of the Code and (ii) the exemption described above is no longer available with respect to such Award, such Award shall not be effective until any stockholder approval required under Section 162(m) of the Code has been obtained.

* * *

As adopted by the Board of Directors of
West Corporation
June 3, 2002

Amendment No. 1
to the
Restated West Corporation 1996 Stock Incentive Plan

WHEREAS, West Corporation, a Delaware corporation (the "Company"), currently maintains and sponsors the Restated West Corporation 1996 Stock Incentive Plan (the "Plan"); and

WHEREAS, Section 18 of the Plan provides that the Board of Directors of the Company (the "Board") may amend the Plan at any time.

NOW, THEREFORE, pursuant to the authority reserved to the Board, subject to the approval of stockholders of the Company at the next annual meeting of the stockholders in accordance with applicable law, the Plan is hereby amended as follows, effective as of January 1, 2003:

1. By deleting Section 5(a) in its entirety and replacing it with the following:

   (a) Subject to Section 15, the aggregate number of shares of Stock made subject to all Awards may not exceed 12,499,500;

2. By deleting Section 7(c)(i) in its entirety and replacing it with the following:

   (i) If prior to the end of the Option Period, the Holder shall undergo a Normal Termination, the Option shall expire on the earlier of the last day of the Option Period or the date that is ninety days after the date of such Normal Termination; provided, however, that, for any Nonqualified Stock Option granted on or following January 1, 2003, if the Holder is an Executive Vice President or above on the Date of Grant, such Nonqualified Stock Option shall expire on the earlier of the last day of the Option Period or the date that is one year after the date of such Normal Termination. In such event, the Option shall remain exercisable by the Holder until its expiration, only to the extent the Option was exercisable at the time of such Normal Termination.

3. By adding new Section 7(c)(iv) to read as follows:

   (iv) Notwithstanding anything Section 7(c)(i) above or any provision of an Award Agreement to the contrary, for any Holder who is an Executive Vice President or above on January 1, 2003, if prior to the end of the Option Period, the Holder shall undergo a Normal Termination, any Nonqualified Stock Option that (A) was granted to such Holder prior to January 1, 2003, and (B) had an Option Price greater than or equal to the Fair Market Value on January 1, 2003, shall expire on the earlier of the last day of the Option Period or the date that is one year after the date of such Normal Termination.

4. Except as modified by this Amendment No. 1, all of the terms and conditions of the Plan shall remain valid and in full force and effect.

IN WITNESS WHEREOF, the undersigned, a duly authorized officer of the Company, has executed this instrument as of the 30th day of December, 2002, on behalf of the Board.

By: /s/ THOMAS B. BARKER

Name: Thomas B. Barker
Title: President and CEO

Exhibit 10.04

[WEST LOGO TO APPEAR HERE]

To: **Thomas B. Barker**
From: **WSTC Comp. Committee**
Date: **February 10, 2003**

Re: 2003 Compensation Plan

Your 2003 compensation plan for your employment as President and Chief Executive Officer for West Corporation (the "Company") is as follows:

1. Your base salary will be $475,000. Should you elect to voluntarily terminate your employment, you will be compensated for your services through the date of your actual termination per your Employment Agreement.

2. Effective January 1, 2003, you will be eligible to receive a performance bonus based on year-to-date growth of profits over the same period of the prior year. This bonus will be calculated by multiplying the year-to-date growth in profits for each quarter by the corresponding profit growth participation factor from the table below, minus bonus paid year-to-date for the respective calendar year.

Profit Growth	**Profit Growth Participation Factor**
0%–9.99%	0
10.1%–14.99%	.025
15%–20%	.03
20%+	.035

Please note that a negative year-to-date profit calculations at the end of any given quarter will result in "loss carry forward" to be applied to the next quarterly year-to-date calculation. All bonuses will be paid within thirty (30) days of the end of the quarter.

3. For the purposes of this compensation plan, profit shall be defined as pre-tax profit growth of the Company on a consolidated basis.

4. All pre-tax, pre-corporate allocation profit and net income objectives are based upon the Company's operations and will not include profit and income derived from mergers, acquisitions, joint ventures or other non-operating income unless specifically and individually included upon completion of the transaction.

5. At the discretion of management, you may receive an additional bonus based on the Company's and your individual performance.

6. The benefit plans, as referenced in Section 7(i), shall include insurance plans based upon eligibility pursuant to the plans. If the insurance plans do not provide for continued participation, the continuation of benefits shall be pursuant to COBRA. In the event Employee's benefits continue pursuant to COBRA and Employee accepts new employment during the consulting term, Employee may continue benefits thereafter to the extent allowed under COBRA. In no event shall benefits plans include the 401K Plan or the 1996 Stock Incentive Plan.

By: /s/ THOMAS B. BARKER

Employee—Thomas B. Barker

[WEST LOGO TO APPEAR HERE]

To: **Nancee R. Berger**
From: **Thomas B. Barker**
Date: **February 10, 2003**

Re: 2003 Compensation Plan

Your 2003 compensation plan for your employment as Chief Operating Officer for West Corporation (the "Company") is as follows:

1. Your base salary will be $310,000. Should you elect to voluntarily terminate your employment, you will be compensated for your services through the date of your actual termination per your Employment Agreement.

2. Effective January 1, 2003, you will be eligible to receive a performance bonus based on year-to-date growth of profits over the same period of the prior year. This bonus will be calculated by multiplying the year-to-date growth in profits for each quarter by the corresponding profit growth participation factor from the table below, minus bonus paid year-to-date for the respective calendar year.

Profit Growth	Profit Growth Participation Factor
0%–9.99%	0
10%–14.99%	.015
15%–19.99%	.0175
20%+	.0185

Please note that a negative year-to-date profit calculations at the end of any given quarter will result in "loss carry forward" to be applied to the next quarterly year-to-date calculation. All bonuses will be paid within thirty (30) days of the end of the quarter.

3. For the purposes of this compensation plan, profit shall be defined as pre-tax profit growth of the Company on a consolidated basis.

4. All pre-tax, pre-corporate allocation profit and net income objectives are based upon the Company's operations and will not include profit and income derived from mergers, acquisitions, joint ventures or other non-operating income unless specifically and individually included upon completion of the transaction.

5. At the discretion of management, you may receive an additional bonus based on the Company's and your individual performance.

6. The benefit plans, as referenced in Section 7(i), shall include insurance plans based upon eligibility pursuant to the plans. If the insurance plans do not provide for continued participation, the continuation of benefits shall be pursuant to COBRA. In the event Employee's benefits continue pursuant to COBRA and Employee accepts new employment during the consulting term, Employee may continue benefits thereafter to the extent allowed under COBRA. In no event shall benefits plans include the 401K Plan or the 1996 Stock Incentive Plan.

By: /s/ NANCEE R. BERGER

Employee—Nancee R. Berger

2002 EMPLOYEES STOCK PURCHASE PLAN

PURPOSE OF THIS PLAN

The purpose of this 2002 Employees Stock Purchase Plan is to provide employees a continued opportunity to purchase shares of the Common Stock, par value $.01 per share (the "Common Shares"), of West Corporation (the "Corporation"), through annual offerings to be made during the five-year period commencing July 1, 2002.

ADMINISTRATION

This Plan shall be administered by the Compensation Committee or such other committee that may be appointed by the Board of Directors from members of senior management (each, the "Committee"). The Committee shall have authority to make rules and regulations for the administration of this Plan; its interpretations and decisions with regard thereto shall be final and conclusive. Unless prohibited by law, the Committee may, at its discretion, decrease (but not increase) the limitations set forth at Sections 6.01(a), 6.02 and 8.02 hereof.

ELIGIBILITY

Except as provided below, all employees of the Corporation or its subsidiaries who are not covered by a collective bargaining agreement, shall be eligible to participate in this Plan but without giving effect to the restriction on persons under the age of 21 contained therein; *provided*, *however*, that each of such employees must have completed at least 20 hours of service per week for a one-year period. No employee may be granted an option if such employee, immediately after the option is granted, owns 5% or more of the total combined voting power or value of the stock of the Corporation or any subsidiary. For purposes of the preceding sentence, the rules of Section 424(d) of the Internal Revenue Code of 1986, as amended (the "Code") shall apply in determining the stock ownership of an employee, and stock that the employee may purchase under outstanding options shall be treated as stock owned by the employee.

OFFERINGS

This Plan shall be implemented by consecutive offering periods until terminated in accordance with Article XXIII of this Plan. Each offering period shall be 12 months in duration, during which (or during such portion thereof as an employee may elect to participate) the amounts received as compensation by an employee shall constitute the measure of such of the employee's participation in the offering as is based on compensation; *provided*, *however*, the first offering period shall commence on the first trading day after July 1, 2002 and ending on or prior to June 30, 2007.

PARTICIPATION

An employee eligible on the effective date of any offering may participate in such offering at any time by completing and forwarding a payroll deduction authorization to the employee's appropriate payroll location. The form will authorize a regular payroll deduction from the employee's compensation, and must specify the date on which such deduction is to commence, which may not be retroactive.

DEDUCTIONS

PAYROLL DEDUCTION ACCOUNTS

The Corporation shall maintain payroll deduction accounts for all participating employees. With respect to any offering made under this Plan, an employee may authorize a payroll deduction of a whole percentage (up to a maximum of 10%) of the compensation the employee receives on each payday during the offering period (or during such portion thereof in which the employee may elect to participate). All payroll deductions made for a participant shall be credited to his account under the Plan and will be withheld in whole percentages only. A participant may not make any additional payments into such account.

At the time the option is exercised, in whole or in part, or at the time some or all of the Common Shares issued under the Plan is disposed of, the participant must make adequate provisions for the Corporation's federal, state, or other tax withholding obligations, if any, which arise upon the exercise of the option or the disposition of the Common Shares. At any time, the Corporation may, but will not be obligated to, withhold from the participant's compensation the amount necessary for the Corporation to meet applicable withholding obligations, including any withholding required to make available to the Corporation any tax deductions or benefits attributable to sale or early disposition of Common Shares by the employee.

LIMITATION

No employee may be granted an option that permits his or her rights to purchase Common Shares under this Plan, and any other stock purchase plan of the Corporation and its subsidiaries, to accrue at a rate that exceeds $25,000 of the Fair Market Value of such shares (determined at the date such option is granted) for each calendar year in which the option is outstanding at any time.

DEDUCTION CHANGES

An employee may increase or decrease the employee's payroll deduction by filing a new payroll deduction authorization at any time during an offering period. The change may not become effective sooner than the next pay period after receipt of the authorization.

PURCHASE OF SHARES

GRANT OF OPTION

Each employee participating in any offering under this Plan shall be granted an option, upon the effective date of such offering, for as many full Common Shares as the participating employee may elect to purchase with up to 10% of the compensation received during the specified offering period (or during such portion thereof as the employee may elect to participate), to be paid by payroll deductions during such period.

LIMITATION ON NUMBER OF SHARES

Notwithstanding the foregoing, in no event shall the number of shares purchased by an employee during an offering period exceed 1,000 shares.

PURCHASE PRICE

The purchase price for each share purchased shall mean an amount equal to 100% of the Fair Market Value of a share of Common Shares on the date of grant. As of the last day of the last pay period during any offering, the account of each participating employee shall be totaled, and, unless the participating employee has withdrawn as provided in Article XIII hereof, the employee shall be deemed to have exercised an option to purchase one or more full shares at the then-applicable price; the employee's account shall be charged for the amount of the purchase; and ownership of such share or shares shall be appropriately evidenced on the books of the Corporation. If at the end of the offering the Fair Market Value of the Common Shares subject to the option is less than 100% of the Fair Market Value at the date of grant, then such option shall not be deemed exercised and the payroll deductions made with respect to such option shall be applied to the next offering unless the employee elects to have the payroll deductions withdrawn from the Plan and returned to the employee pursuant to Article XIII. Additional shares covered by the employee's option shall be purchased in the same manner, as of the last day of each subsequent pay period during the offering period. A participating employee may not purchase a share under any offering period beyond 12 months from the effective date thereof. Any balance remaining in an employee's payroll deduction account at the end of an offering period will be carried forward to the next offering period.

EMPLOYEE ACCOUNTS AND CERTIFICATES

Upon purchase of one or more full shares by a Plan participant pursuant to Article VIII hereof, the Corporation shall establish a book entry account in the name of the employee to reflect the share(s) purchased at that time. Unless otherwise determined by the Committee, certificates shall be issued only when necessary to comply with transaction requirements outside the United States. To request certificates, employees may call the Company's Investment Relations officer.

REGISTRATION OF SHARES

Shares may be registered only in the name of the employee, or, if the employee so indicates on the employee's payroll deduction authorization form, the employee may designate a beneficiary pursuant to Article XVI.

DEFINITIONS

BOARD

The term "Board" means the Board of Directors of the Corporation.

EXCHANGE ACT

The term "Exchange Act" means the Securities Exchange Act of 1934, as amended.

FAIR MARKET VALUE

The term "Fair Market Value" means, as of any date, the value of Common Shares determined as follows:

If the Common Shares is listed on any established stock exchange or a national market system, including without limitation the National Market System of the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ"), its Fair Market Value shall be the average of the high and low sale price for the Common Shares (or the average of the closing bid and asked prices, if no sales were reported), as quoted on such exchange (or the exchange with the greatest volume of trading in Common Shares) or system on the date of such determination, as reported in The Wall Street Journal or such other source as the Committee deems reliable; or If the Common Shares are quoted on NASDAQ (but not on the National Market System thereof) or is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value shall be the average of the closing bid and asked prices for the Common Shares on the date of such determination, as reported in The Wall Street Journal or such other source as the Committee deems reliable; or In the absence of an established market for the Common Shares, the Fair Market Value thereof shall be determined in good faith by the Committee.

RESERVES

The term "Reserves" means the number of Common Shares covered by each option under this Plan which have not yet been exercised and the number of Common Shares which have been authorized for issuance under this Plan but not yet placed under option.

RULE 16B-3

The term “Rule 16b-3” means Rule 16b-3 promulgated under the Exchange Act or any successor provision.

SUBSIDIARY

The term “subsidiary” means a subsidiary of the Corporation within the meaning of Section 424(f) of the Code and the regulations promulgated thereunder.

TRADING DAY

The term “Trading Day” means a day on which the Common Shares (i) is not suspended from trading on any national or regional securities exchange or association or over-the-counter market at the close of business and (ii) has traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of such security.

RIGHTS AS A STOCKHOLDER

None of the rights or privileges of a stockholder of the Corporation shall exist with respect to shares purchased under this Plan unless and until such shares shall have been appropriately evidenced on the books of the Corporation.

WITHDRAWAL; TERMINATION OF EMPLOYMENT

A participant may withdraw all but not less than all the payroll deductions credited to his or her account and not yet used to exercise his or her option under this Plan at any time prior to the last business day of an offering period by giving written notice to the Corporation. All of the participant’s payroll deductions credited to his account will be paid to such participant promptly after receipt of notice of withdrawal and such participant’s option for the offering period will be automatically terminated, and no further payroll deductions for the purchase of shares will be made during the offering period. If a participant withdraws from this Plan during an offering period, he may not resume participation until the next offering period. He may resume participation for any other offering period by delivering to the Corporation a new subscription agreement at least 10 days prior to such offering period.

Upon a participant’s ceasing to be an employee, for any reason, he or she will be deemed to have elected to withdraw from this Plan and the payroll deductions credited to such participant’s account during the offering period but not yet used to exercise the option will be returned to such participant or, in the case of his or her death, to the person or persons entitled thereto under Article XVI hereof, and such participant’s option will be automatically terminated.

A participant’s withdrawal from an offering period will not have any effect upon his eligibility to participate in any similar plan which may hereafter be adopted by the Corporation.

INTEREST

No interest or other increment shall accrue or be payable with respect to any of the payroll deductions of a participant in the Plan.

STOCK

The Common Shares to be sold to participants under this Plan may, at the election of the Corporation, be either treasury shares or authorized but previously unissued Common Shares. The maximum number of Common Shares which shall be made available for sale under this Plan shall be [1,965,532] shares, subject to adjustment upon changes in capitalization of the Corporation as provided in Article XXI hereof. If on a given exercise date the number of shares with respect to which options are to be exercised exceeds the number of shares then available under this Plan, the Corporation shall make a pro rata allocation of the shares remaining available for purchase in as uniform a manner as shall be practicable and as it shall determine to be equitable.

DESIGNATION OF BENEFICIARY

A participant may file a written designation of a beneficiary who is to receive any shares and cash, if any, from the participant’s account under this Plan in the event of such participant’s death subsequent to the date on which the option is exercised but prior to delivery to such participant of such shares or cash. In addition, a participant may file a written designation of a beneficiary who is to receive any cash from the participant's account under this Plan in the event of such participant's death prior to exercise of the option.

Such designation of beneficiary may be changed by the participant at any time by written notice. In the event of the death of a participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such participant's death, the Corporation shall deliver such shares or cash to the executor or administrator of the estate of the participant, or if no such executor or administrator has been appointed (to the knowledge of the Corporation), the Corporation, in its discretion, may deliver such shares or cash to the spouse or to any one or more dependents or relatives of the participant, or if no spouse, dependent or relative is known to the Corporation, then to such other person as the Corporation may designate.

USE OF FUNDS

All payroll deductions received or held by the Corporation under this Plan may be used by the Corporation for any corporate purpose, and the Corporation shall not be obligated to segregate such payroll deductions.

REPORTS

Individual accounts will be maintained for each participant in this Plan. Statements of account will be given to participating employees within such time as the Committee may reasonably determine, which statements will set forth the amounts of payroll deductions, the purchase price, the number of shares purchased and the remaining cash balance, if any.

RIGHTS NOT TRANSFERABLE

Rights under this Plan are not transferable by a participating employee other than by will or the laws of descent and distribution, and are exercisable during the employee's lifetime only by the employee.

APPLICATION OF FUNDS AND ADMINISTRATIVE FEES

All funds received or held by the Corporation under this Plan may be used for any corporate purpose. The Committee may impose reasonable administrative fees on participating employees to defray the administrative costs of this Plan, which shall in no event exceed the actual administrative costs of this Plan. Initially, the fee shall be $10 per participating employee per offering period.

ADJUSTMENTS IN CASE OF CHANGES AFFECTING COMMON SHARES

CHANGES IN CAPITALIZATION

Subject to any required action by the stockholders of the Corporation, the Reserves as well as the price per share of Common Shares covered by each option under this Plan which has not yet been exercised shall be proportionately adjusted for any increase or decrease in the number of issued Common Shares resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Shares, or any other increase or decrease in the number of Common Shares effected without receipt of consideration by the Corporation; *provided*, *however*, that conversion of any convertible securities of the Corporation shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Corporation of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Common Shares subject to an option.

DISSOLUTION OR LIQUIDATION.

In the event of the proposed dissolution or liquidation of the Corporation, the offering period will terminate immediately prior to the consummation of such proposed action, unless otherwise provided by the Board.

MERGER OR ASSET SALE.

In the event of a proposed sale of all or substantially all of the assets of the Corporation, or the merger of the Corporation with or into another corporation (each, a “Transaction”), each option under this Plan shall be assumed or an equivalent option shall be substituted by such successor corporation or a parent or subsidiary of such successor corporation, unless the Board determines, in the exercise of its sole discretion, that in lieu of such assumption or substitution to terminate all outstanding options in exchange for a cash payment equal to the excess of the Fair Market Value of the Common Shares subject to options (determined at the date of the Transaction) over the purchase price thereof. For purposes of this paragraph, an option granted under this Plan shall be deemed to be assumed if, following the sale of assets or merger, the option confers the right to purchase, for each share of option stock subject to the option immediately prior to the sale of assets or merger, the consideration (whether stock, cash or other securities or property) received in the sale of assets or merger by holders of Common Shares for each share of Common Shares held on the effective date of the Transaction (and if such holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Common Shares); *provided*, *however*, that if such consideration received in the sale of assets or merger was not solely common stock of the successor corporation or its parent (as defined in Section 424(e) of the Code), the Board may, with the consent of the successor corporation and the participant, provide for the consideration to be received upon exercise of the option to be solely common stock of the successor corporation or its parent equal in Fair Market Value to the per share consideration received by holders of Common Shares in the sale of assets or merger.

The Board may, if it so determines in the exercise of its sole discretion, also make provision for adjusting the Reserves, as well as the price per share of Common Shares covered by each outstanding option, in the event the Corporation effects one or more reorganizations, recapitalizations, rights offerings or other increases or reductions of shares of its outstanding Common Shares, and in the event of the Corporation being consolidated with or merged into any other corporation.

AMENDMENT OF THE PLAN

The Board may at any time, or from time to time, amend this Plan in any respect, except that, to the extent necessary to comply with Section 423 of the Code, the Corporation shall obtain the approval of a majority of the shares of stock of the Corporation then issued and outstanding and entitled to vote.

TERMINATION OF THE PLAN

This Plan and all rights of employees under any offering hereunder shall terminate:

on the day that participating employees become entitled to purchase a number of shares equal to or greater than the number of shares remaining available for purchase. If the number of shares so purchasable is greater than the shares remaining available, the available shares shall be allocated by the Committee among such participating employees in such manner as it deems fair; or at any time, at the discretion of the Board. No offering hereunder shall be made which shall extend beyond June 30, 2007.

GOVERNMENTAL REGULATIONS

The Corporation’s obligation to sell and deliver Common Shares under this Plan is subject to the approval of any governmental authority required in connection with the authorization, issuance, or sale of such stock.

RULE 16B-3 LIMITATIONS

The terms and conditions of options granted hereunder to, and the purchase of Common Shares by, persons subject to Section 16 of the Exchange Act shall comply with the applicable provisions of Rule 16b-3 thereunder. This Plan shall be deemed to contain, and such options shall contain, and the Common Shares issued upon exercise thereof shall be subject to, such additional conditions and restrictions as may be required by Rule 16b-3 to qualify for the maximum exemption from Section 16 of the Exchange Act with respect to Plan transactions.

NOTICES

All notices or other communications by a participant to the Corporation under or in connection with this Plan shall be deemed to have been duly given when received in the form specified by the Corporation at the location, or by the person, designated by the Corporation for the receipt thereof.

CONDITIONS UPON ISSUANCE OF SHARES

Common Shares shall not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such Common Shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder and the requirements of any stock exchange upon which the Common Shares may then be listed, and shall be further subject to the approval of counsel for the Corporation with respect to such compliance.

As a condition to the exercise of an option, the Corporation may require the person exercising such option to represent and warrant at the time of any such exercise that the Common Shares are being purchased only for investment and without any present intention to sell or distribute such Common Shares if, in the opinion of counsel for the Corporation, such a representation is required by any of the aforementioned applicable provisions of law.

PLAN SHARES PURCHASES

Purchases of outstanding Common Shares may be made pursuant to and on behalf of this Plan, upon such terms as the Corporation may approve, for delivery under this Plan.

Exhibit 10.12

[WEST LOGO TO APPEAR HERE]

To: **Mark V. Lavin**
From: **Nancee R. Berger**
Date: **February 10, 2003**

Re: 2003 Compensation Plan

Your 2003 compensation plan (“Plan Year”) for your employment as President for West Telemarketing Corporation (the “Company”) is as follows:

1. Your base salary will be $200,000. Should you elect to voluntarily terminate your employment, you will be compensated for your services through the date of your actual termination per your Employment Agreement.

2. The rate factors used to calculate your pre-tax, pre-corporate allocation profit bonus are being revised according to the schedule below. You are eligible to receive a quarterly performance bonus based on each quarter’s pre-tax, pre-corporate allocation profit growth when compared to the same quarter the previous year. A negative differential will result in a loss carry forward to be applied to future bonus calculations. The bonus will be calculated by multiplying the year-to-date pre-tax, pre-corporate allocation profit differential times the rate factor from the table below minus bonuses paid year-to-date for the respective calendar year.

Rate Factor
.035

3. You will also be eligible for a one-time bonus of $100,000 for producing total revenue of $67,500 per workstation in 2003. This calculation will be defined and will include India, but not training stations, in the count. The annual bonus earned will be paid within thirty (30) days after financial statements for December 2003 are prepared, but in no event will be paid later than February 28, 2004.

4. In addition, if West Corporation achieves 2003 net income of $.05 per share above West’s stated expected 2003 EPS, you will be eligible to receive an additional one-time bonus of $50,000. You will be paid the amount due for the quarterly bonus within thirty (30) days after the financial statements for December 2003 are prepared, but in no event will be paid later than February 28, 2004.

5. All pre-tax, pre-corporate allocation profit and net income objectives are based upon the Company’s operations and will not include profit and income derived from mergers, acquisitions, joint ventures, stock buybacks or other non-operating income unless specifically and individually included upon completion of the transaction.

6. The benefit plans, as referenced in Section 7(i), shall include insurance plans based upon eligibility pursuant to the plans. If the insurance plans do not provide for continued participation, the continuation of benefits shall be pursuant to COBRA. In the event Employee’s benefits continue pursuant to COBRA and Employee accepts new employment during the consulting term, Employee may continue benefits thereafter to the extent allowed under COBRA. In no event shall benefits plans include the 401K Plan or the 1996 Stock Incentive Plan.

By: /s/ MARK LAVIN

Employee—Mark V. Lavin

Exhibit 10.13

[WEST LOGO TO APPEAR HERE]

To: **Steven M. Stangl**
From: **Nancee R. Berger**
Date: **February 10, 2003**

Re: 2003 Compensation Plan

Your 2003 compensation plan ("Plan Year") for your employment as President for West Interactive Corporation (the "Company") is as follows:

1. Your base salary will be $200,000. Should you elect to voluntarily terminate your employment, you will be compensated for your services through the date of your actual termination per your Employment Agreement.

2. The rate factors used to calculate your pre-tax, pre-corporate allocation profit bonus are being revised according to the schedule below. You are eligible to receive a quarterly performance bonus based on each quarter's pre-tax, pre-corporate allocation profit growth when compared to the same quarter the previous year. A negative differential will result in a loss carry forward to be applied to future bonus calculations. The bonus will be calculated by multiplying the year-to-date pre-tax, pre-corporate allocation profit differential times the rate factor from the table below minus bonuses paid year-to-date for the respective calendar year.

Rate Factor
.014

3. In addition, if West Corporation achieves 2003 net income of $.05 per share greater than its stated expected 2003 EPS, you will be eligible to receive an additional one-time bonus of $50,000. You will be paid the amount due for the quarterly bonus within thirty (30) days after the financial statements for December 2003 are prepared, but in no event will be paid later than February 28, 2004.
4. All pre-tax profit and net income objectives are based upon the Company's operations and will not include profit and income derived from mergers, acquisitions, joint ventures, stock buy backs or other non-operating income unless specifically and individually included upon completion of the transaction.

5. The benefit plans, as referenced in Section 7(i), shall include insurance plans based upon eligibility pursuant to the plans. If the insurance plans do not provide for continued participation, the continuation of benefits shall be pursuant to COBRA. In the event Employee's benefits continue pursuant to COBRA and Employee accepts new employment during the consulting term, Employee may continue benefits thereafter to the extent allowed under COBRA. In no event shall benefits plans include the 401K Plan or the 1996 Stock Incentive Plan.

By: /s/ STEVEN M. STANGL

Employee—Steven M. Stangl

Exhibit 10.14

[WEST LOGO TO APPEAR HERE]

To: **Mike M. Sturgeon**
From: **Nancee R. Berger**
Date: **February 10, 2003**

Re: 2003 Compensation Plan

Your 2003 compensation plan (“Plan Year”) for your employment as Executive Vice President, Sales & Marketing for West Corporation (the “Company”) is as follows:

1. Your base salary will be $190,000. Should you elect to voluntarily terminate your employment, you will be compensated for your services through the date of your actual termination per your Employment Agreement.

2. You will be eligible to receive a monthly performance bonus based on the Company’s 2003 revenue growth. This monthly bonus will be calculated by multiplying year-to-date revenue growth times the incentive factors indicated below. A negative calculation at the end of any given month will result in a loss carry forward to be applied to the next monthly bonus calculation. All bonuses will be paid within 30 days of the end of the month.

Rate Factor
.0023

3. All objectives are based upon the Company’s operations and will not include revenue derived from mergers, acquisitions, joint ventures, stock buy backs or other non-operating income unless specifically and individually included upon completion of the transaction.

4. The benefit plans, as referenced in Section 7(i), shall include insurance plans based upon eligibility pursuant to the plans. If the insurance plans do not provide for continued participation, the continuation of benefits shall be pursuant to COBRA. In the event Employee’s benefits continue pursuant to COBRA and Employee accepts new employment during the consulting term, Employee may continue benefits thereafter to the extent allowed under COBRA. In no event shall benefits plans include the 401K Plan or the 1996 Stock Incentive Plan.

By: /s/ MIKE M. STURGEON

Employee—Mike M. Sturgeon

Exhibit 10.15

[WEST LOGO TO APPEAR HERE]

To: **Jon R. Hanson**
From: **Nancee R. Berger**
Date: **February 10, 2003**

Re: 2003 Compensation Plan

Your 2003 compensation plan (“Plan Year”) for your employment as Executive Vice President, Chief Administrative Officer for West Corporation (the “Company”) is as follows:

1. Your base salary will be $175,000. Should your employment terminate before the end of the year, you will be compensated for your services through the date of your actual termination per your Employment Agreement.

2. You may also receive additional bonuses pursuant to Paragraph 3 of your Employment Agreement. You will be eligible to receive a bonus based upon the Company’s profit growth (“Growth Bonus”). The Company intends to calculate this Growth Bonus as follows:

   a) Each quarter’s cumulative Plan Year Net Income Before Tax (“NIBT”) will be compared to the cumulative Prior Year NIBT. The difference is defined as the PTI Growth.

   b) The factor of .00674542 (“Growth Factor”) will be multiplied by the cumulative PTI Growth.

   c) The product of the Growth Factor and cumulative PTI Growth is the PTI Bonus. If the PTI Bonus is positive, 50% of the PTI Bonus, less any paid amount for prior quarter Growth Bonuses, will be paid to you for the first three quarters of the Plan Year. If the cumulative PTI Bonus is positive for the Plan Year, 100% of the Growth Bonus, less any previously paid Growth Bonuses, will be paid to you. However, in no event will the cumulative Growth Bonus for the Plan Year exceed $210,000.

   d) In the event the PTI Bonus is negative at the end of the Plan Year, such negative amount will be carried over to the following Plan Year to reduce future PTI Bonuses, but only to the extent such PTI Bonus was paid.

3. All profits are based upon the Company’s operations and will not include profit and income derived from mergers, acquisitions, joint ventures, stock buybacks, other non-operating income or loss, or financing changes associated with such events unless elected to be included by the Company.

4. The benefit plans, as referenced in Section 7(i) of your employment agreement, shall include insurance plans based upon eligibility pursuant to the plans. If the insurance plans do not provide for continued participation, the continuation of benefits shall be pursuant to COBRA. In the event benefits continue pursuant to COBRA and employee accepts new employment during the consulting term, employee may continue benefits thereafter to the extent allowed under COBRA. In no event shall benefit plans include the 401(k) plan or the 1996 Stock Incentive Plan.

By: /s/ JON R. HANSON

Employee—Jon R. Hanson

Exhibit 10.16

[WEST LOGO TO APPEAR HERE]

To: **Todd B. Strubbe**
From: **Thomas B. Barker**
Date: **February 10, 2003**

Re: 2003 Compensation Plan

Your 2003 compensation plan for your employment as President and CEO of West Direct, Inc. (the "Company") is as follows:

1. Your base salary will be $250,000. Should you elect to voluntarily terminate your employment, you will be compensated for your services through the date of your actual termination per your Employment Agreement.
2. The rate factors used to calculate your pre-tax profit bonus are being revised according to the schedule below. You are eligible to receive a quarterly performance bonus based on each quarter's pre-tax profit growth when compared to the same quarter the previous year. A negative differential will result in a loss carry forward to be applied to future bonus calculations. The bonus will be calculated by multiplying the year-to-date pre-tax profit differential times the rate factor from the table below minus bonuses paid year-to-date for the respective calendar year. This factor assumes no changes in the inter-company transfer pricing environment.

Rate Factor
.075

3. All pre-tax, pre-corporate allocation profit and net income objectives are based upon the Company's operations and will not include profit and income derived from mergers, acquisitions, joint ventures or other non-operating income unless specifically and individually included upon completion of the transaction.
4. At the discretion of Board of Directors for you're the Company, you may receive an additional bonus based on your companies and your individual performance.
5. The benefit plans, as referenced in Section 7(h), shall include insurance plans based upon eligibility pursuant to the plans. If the insurance plans do not provide for continued participation, the continuation of benefits shall be pursuant to COBRA. In the event Employee's benefits continue pursuant to COBRA and Employee accepts new employment during the consulting term, Employee may continue benefits thereafter to the extent allowed under COBRA. In no event shall benefits plans include the 401K Plan or the 1996 Stock Incentive Plan.

By: /s/ TODD B. STRUBBE

Employee—Todd B. Strubbe

Exhibit 10.17

[WEST LOGO TO APPEAR HERE]

To: **Michael E. Mazour**
From: **Nancee R. Berger**
Date: **February 10, 2003**

Re: 2003 Compensation Plan

Your 2003 compensation plan ("Plan Year") for your employment as Executive Vice President for West Telemarketing Corporation Outbound (the "Company") is as follows:

1. Your base salary will be $200,000. Should you elect to voluntarily terminate your employment, you will be compensated for your services through the date of your actual termination per your Employment Agreement.

2. The rate factors used to calculate your pre-tax, pre-corporate allocation profit bonus are outlined on the schedule below. You are eligible to receive a quarterly performance bonus based on each quarter's pre-tax, pre-corporate allocation profit margin. The bonus will be calculated by multiplying the year-to-date pre-tax, pre-corporate allocation profit times the rate factor from the table below minus bonuses paid year-to-date for the respective calendar year.

Rate Factor
.008

3. In addition, if the Company's pre-tax, pre-corporate allocation profit margin in each quarter is equal to or greater than the agreed upon plan, you will receive an additional quarterly bonus of $25,000. You will be paid the amount due for the quarterly bonus within thirty (30) days after the end of the quarter.

4. In addition, if West Corporation achieves 2003 net income of $.05 per share greater than its stated expected 2003 EPS, you will be eligible to receive an additional one-time bonus of $50,000.00. You will be paid the amount due for the quarterly bonus within thirty (30) days after the end of the quarter. Your annual bonus will be paid within thirty (30) days after the financial statements for December 2003 are prepared, but in no event will be paid later than February 28, 2004.

5. All pre-tax, pre-corporate allocation profit and net income objectives are based upon the Company's operations and will not include profit and income derived from mergers, acquisitions, joint ventures or other non-operating income unless specifically and individually included upon completion of the transaction.

6. The benefit plans, as referenced in Section 7(i), shall include insurance plans based upon eligibility pursuant to the plans. If the insurance plans do not provide for continued participation, the continuation of benefits shall be pursuant to COBRA. In the event Employee's benefits continue pursuant to COBRA and Employee accepts new employment during the consulting term, Employee may continue benefits thereafter to the extent allowed under COBRA. In no event shall benefits plans include the 401K Plan or the 1996 Stock Incentive Plan.

By: /s/ MICHAEL E. MAZOUR

Employee—Michael E. Mazour

Exhibit 10.19

WEST CORPORATION
NONQUALIFIED DEFERRED COMPENSATION PLAN

THIS NONQUALIFIED DEFERRED COMPENSATION PLAN dated as of this 30th day of December, 2002, is established and maintained by West Corporation, a Delaware corporation (the "*Employer*," as further defined in Appendix I) for the benefit of its eligible key employees, as described below.

WITNESSETH THAT:

WHEREAS, the Employer recognizes valuable services performed by its employees, which have contributed to the success of the Employer;

WHEREAS, the Employer desires to establish a plan to allow a select group of management or highly compensated employees to defer a portion of their Compensation (as defined in Appendix I), and to provide retirement, death and other benefits as provided herein;

WHEREAS, each Participant, as defined below, desires to receive such benefits and to defer a portion of his or her Compensation; and

WHEREAS, the Employer desires to provide the terms and conditions upon which the Employer shall pay such benefits to the Participants;

NOW, THEREFORE, in consideration of these premises, the Employer hereby establishes the following nonqualified deferred compensation plan.

ARTICLE I
INTRODUCTION

1.1 Name and Purpose. The Employer hereby establishes the West Corporation Nonqualified Deferred Compensation Plan, as set forth herein (the "*Plan*"), for the benefit of a select group of management or highly compensated employees of the Employer. The Plan is intended to be a deferred compensation plan for a select group of management or highly compensated employees, as described in Sections 201(2), 301(a)(3) and 401(a)(1) of Employee Retirement Income Security Act of 1974, as amended ("*ERISA*"). The Employer intends that the Plan (and any grantor trust described in Section 6.1) shall be treated as unfunded for tax purposes and for purposes of Title I of ERISA. The Employer's obligations hereunder, if any, to a Participant (or to a Participant's beneficiary) shall be unsecured and shall be a mere promise by the Employer to make payments hereunder in the future. A Participant (or the Participant's beneficiary) shall be treated as a general, unsecured creditor of the Employer. The Plan is not intended to qualify under section 401(a) of the Internal Revenue Code (the "*Code*").

1.2 Effective Date and Plan Year. The Effective Date of this Plan is December 30th, 2002. The Plan will be administered on the basis of a 12-month period beginning on each January 1 (the "*Plan Year*").

ARTICLE II
ELIGIBILITY AND PARTICIPATION

2.1 Eligibility. Any employee who is an Executive Vice President or above of the Employer as of the Effective Date is eligible to participate in the Plan for the Plan Year commencing January 1, 2003. Thereafter, before the beginning of each Plan Year, the Compensation Committee will designate the employees eligible to participate in the Plan during such Plan Year from a select group of management or highly compensated employees, which means Executive Vice Presidents and above and other officers whose Compensation was $100,000 or more in the year prior to the year in which the Participant makes a salary deferral election pursuant to Section 3.1. An employee's eligibility to make a deferral to the Plan in any given Plan Year does not guarantee that employee the right to make a deferral in any subsequent Plan Year.

2.2 Participation and Cessation of Participation. An employee designated as eligible to participate in the Plan for any Plan Year may make a deferral election on a timely basis as described in Section 3, and if the employee makes such a deferral election he shall be referred to as a "*Participant*" until he or she has received a distribution of the entire Deferral Account (as defined in Section 3.2). A Participant in the Plan who separates from service with the Company and all of its subsidiaries and affiliates for any reason will cease to be eligible to defer compensation under this plan and will become entitled to distributions as described in Article V.

ARTICLE III
ENROLLMENT AND DEFERRAL ELECTIONS

3.1 Participant Elections to Defer. Each Eligible Employee who intends to participate in the Plan shall make an Election to Defer, on a Deferred Compensation Election Form, that portion of his annual Compensation (if any) that shall be deferred hereunder, in accordance with the following:

(a) Salary Deferral Elections. An Eligible Employee may elect to defer no more than 50% of his Salary. This Salary deferral election must be made in whole percentage increments.

(b) Bonus Deferral. An Eligible Employee may make elect to defer, either in whole percentage increments or a flat-dollar amount, a portion of any periodic bonus payable to him or her; provided, however, that such election may exceed 100% of any amount that would otherwise be paid as a periodic bonus.

(c) Minimum and Maximum Deferral. Notwithstanding any other provision of the Plan, an Eligible Employee who elects to defer a portion of his Compensation must elect to defer Salary and Bonus in an amount that is expected to be no less than $10,000, and in no event in excess of $500,000, during any one Plan Year.

(d) Timing of Elections. No later than December 15 of each Plan Year, the Eligible Employee must make an Election to Defer a portion of his Compensation that otherwise would be payable in the following Plan Year. Notwithstanding the foregoing, Elections to Defer Compensation that otherwise would be payable for the entire 2003 Plan Year (beginning January 1, 2003) must be made no later than December 31, 2002; provided, however, that no later than January 15, 2003, a Participant who did not make an Election to Defer by December 31, 2002 may make an Election to Defer Compensation that otherwise would be payable for the period beginning February 1, 2003 and ending December 31, 2003. An Election to Defer shall remain in effect only for the Plan year specified in the Deferred Compensation Election Form. An Eligible Employee must file a separate salary or bonus deferral election before each December 15 in order to make deferral for the following Plan Year. Once made, the Election to Defer is irrevocable, subject only to the early distribution provisions of Section 6.1, or the one-time redeferral provision of Section 6.2.

(e) Period of Deferral. Each Election to Defer made by an Eligible Employee shall include an election of the date on which the amount of such deferral (together with any investment gains thereon) will be distributed. Such date shall be no earlier than the fifth year following the Plan Year to which the Election to Defer relates, subject only to the early distribution provisions of Section 6.1, or the one-time redeferral provision of Section 6.2.

3.2 Deferral Account. The Compensation Committee shall maintain in the name of each Participant a bookkeeping account known as the Participant's *"Deferral Account"* for deferrals made in accordance with Section 3.1. A Participant's Deferral Account shall include a subaccount for each deferral made under the Plan and any Employer contributions made to the Participant under the Plan. Each such subaccount shall reflect: (i) the amount deferred or contributed during that Plan Year, (ii) any amounts distributed during that Plan Year, and (iii) the total Earnings on the Deferral Account described in Section 3.3. Deferred amounts shall be credited to subaccounts as soon as practicable following the date bonuses and salary would otherwise have been paid to the Participant but for his deferral election. The portion of a Participant's Deferral Account that is attributable to any Election to Defer (and any Earnings thereon) shall be nonforfeitable at all times.

3.3 Investment of Deferral Account. A Participant shall direct the investment of his Deferral Account. A Participant shall have the right to elect to have his Deferral Account deemed to be invested, in percentages elected by the Participant, in hypothetical funds, the value of which shall track either:

(a) Common stock of the Company ("*Company Stock*"); or

(b) The investment funds available under the West Corporation Employee 401(k) Retirement Plan, or a successor plan (collectively, the "*Measurement Funds*").

An election by a Participant to invest or not to invest his or her Deferral Account in Company Stock is an irrevocable election. Investment elections to any Measurement Fund other than Company Stock may be changed quarterly by the Participant (but only among such Measurement Funds) on such date and in such manner as determined by the Compensation Committee in its sole discretion. A Participant's Deferral Account shall be credited or debited each payroll period (or, with respect to that portion of a Participant's Deferral Account attributable to bonus deferral elections, each time a bonus is deferred into the Plan) based on the performance of each Measurement Fund selected by the Participant, as though (i) Participant's Salary and Bonus deferrals were invested in the Measurement Fund(s) as of the date that they are credited to the Participant's Deferral Account;; and (ii) any distributions made to Participant that decrease Participant's Deferral Account balance ceased being invested in the Measurement Fund(s) and in the percentages applicable to such payroll period, no earlier than the last business day of the payroll period preceding the date of distribution, at the closing price on such date. Thereafter, the Measurement Funds that the Participant elects will be revalued each payroll period, based on the price of the Company Stock on that date, the value of the investment funds of the West Corporation Employee 401(k) Retirement Plan (or its successor) on that date, and the percentages in which the Participant is invested in each of the Measurement Funds.

Notwithstanding any other provision of this Plan that may be interpreted to the contrary, the Measurement Fund(s) are to be used for measurement purposes only, and the allocation of Participant's Deferral Account to such Measurement Fund(s), the calculation of additional amounts and the crediting or debiting of such additional amounts to Participant's Deferral Account shall not be considered or construed in any manner as an actual investment of Participant's Deferral Account in any such Measurement Fund(s).

To the extent a Participant's Account is invested in Measurement Funds and is not entirely distributed within three years from the date the Participant separates from service with the Company for any reason, the Participant's entire vested Deferral Account shall thereafter be deemed to be invested in a money market fund designated by the Compensation Committee until such Deferral Account is fully distributed to the Participant.

3.4 Adjustment of Participants' Deferral Account. As of the last day of each payroll period (each such date, and any other accounting date as determined by the Compensation Committee in its sole discretion, is referred to below as an *"Accounting Date"*), the Compensation Committee shall:

(a) First, charge to the proper Deferral Accounts all payments or distributions made since the last preceding Accounting Date.

(b) Next, credit each Participant's Deferral Account with amounts deferred on behalf of the Participant made since the last preceding Accounting Date;

(c) Next, credit each Participant's Deferral Account with any Employer Contributions (as defined in Section 4.1) made on behalf of the Participant since the last preceding Accounting Date;

(d) Next, adjust each Participant's Deferral Account for applicable Earnings since the last preceding Accounting Date.

3.5 Additional Limitation on Deferral Elections. Notwithstanding anything in this Section to the contrary, the Plan Administrator may limit a Participant's deferral election if, as a result of any election, a Participant's compensation from the Employers would be insufficient to cover taxes and withholding applicable to the Participant.

ARTICLE IV
EMPLOYER CONTRIBUTIONS

4.1 Employer Matching Contributions. To the extent a Participant makes an Election to Defer Compensation and makes an Investment Designation that such deferrals and Earnings thereon initially be measured by Company Stock, the Employer will make a matching contribution ("*Employer Matching Contribution*") equal to a percentage of such amount deferred as designated by the Employer from time to time. All Employer Matching Contributions shall be designated to be invested in shares of Company Stock and shall remain hypothetically invested in Company Stock. No Employer Matching Contribution will be made with respect to any amount deferred by the Employee for which Earnings are measured based on an Investment Designation other than Employer Stock.

4.2 Accounting for Employer Matching Contributions. Employer Contributions on behalf of a Participant will be recorded in a separate subaccount maintained in the Participant's Deferral Account as of the same date (the *"Crediting Date"*) that the underlying deferral is credited to the Participant's Deferral Account. Such subaccount will be deemed to be invested in Company Stock and will be adjusted from time to time in the same manner as described in Section 3.4.

4.3 Vesting of Employer Matching Contributions. The Participant's nonforfeitable interest in Employer Matching Contributions attributable to any Plan Year will equal 20%, multiplied by the Participant's Years of Service following the Plan Year that includes the applicable Crediting Date. If a Participant voluntarily terminates employment with the Employer or is terminated for Cause, any non-vested portion of his or her Deferred Compensation Account shall be forfeited immediately. If a Participant terminates employment because of his or her death or Disability or is terminated without Cause, if a Change in Control occurs, or if the Plan terminates, all amounts in the Participant's Deferred Compensation Account will become nonforfeitable immediately.

ARTICLE V
FUNDING

The Employer, in its sole and absolute discretion, may (or may not) acquire any investment product or any other instrument or otherwise invest any amount to provide the funds from which it can satisfy its obligation to make benefit payments under this Plan. Any investment product or other item so acquired for the convenience of the Employer shall be the sole and exclusive property of the Employer (or a Trust established by the Employer) with the Employer (or the Trust) named as sole owner and sole beneficiary thereof. To the extent that a Participant or his or her Beneficiary acquires a right to receive payments from the Employer under the provisions hereof, such right shall be no greater than the right of any unsecured general creditor of the Employer.

ARTICLE VI
TIMING AND FORM OF BENEFIT PAYMENTS

6.1 Timing of Distribution. The vested portions of a Participant's Deferral Account shall be distributed as soon as practicable on the earlier of:

(a) The deferred distribution date indicated on the Participant's Deferred Compensation Election Form and in accordance with subsection 3.1(e);

(b) The date that the Participant's terminates employment with the Employer; and

(c) The date the Employer terminates the Plan.

6.2 <u>One-time Redeferral Election</u>. No later than the January 1 preceding the Plan Year in which a distribution under subsection 6.1(a) is to occur, a Participant may make a one-time election to defer any portion of such distribution for a period of not less than two years.

6.3 <u>Form of Distribution</u>. Distributions from the Plan may be made in either a single, lump sum distribution or five annual installments (approximately 20% each year), as elected irrevocably by the Participant on his or her Deferred Compensation Election Form for such Plan Year. Distributions from the Participant's Deferral Account that are invested in a Measurement Fund other than Company Stock will be distributed in cash. Distributions from the Participant's Deferral Account that are invested in Company Stock shall be distributed solely in shares of Company Stock.

6.4 <u>Beneficiaries</u>. A Participant may designate his or her primary Beneficiary or Beneficiaries to receive the amounts as provided herein after his or her death in accordance with the Beneficiary Designation provisions of the Participation Agreement. A Participant also may designate his or her contingent Beneficiary or Beneficiaries to receive amounts as provided herein if all primary Beneficiaries predecease the Participant or have ceased to exist on the date of the Participant's death. In the absence of such a designation, the Employer shall pay any such amount to the Participant's estate.

ARTICLE VII
ADMINISTRATION

7.1 <u>Plan Administrator</u>. The Plan shall be administered by the Compensation Committee of the Board of Directors of the Company (the "*Plan Administrator*").

7.2 <u>Plan Administrator's Rights, Duties and Powers</u>. The Plan Administrator shall have all the powers necessary and appropriate to discharge its duties under the Plan, which powers shall be exercised in the sole and absolute discretion of the Plan Administrator, including, but not limited to, the following:

(a) To construe and interpret the provisions of the Plan and to make factual determinations thereunder, including the power to determine the rights or eligibility under the Plan and amounts of benefits (if any) under the Plan, and to remedy ambiguities, inconsistencies or omissions, and such determinations by the Plan Administrator shall be binding on all parties.

(b) To adopt such rules of procedure and regulations as in its opinion may be necessary for the proper and efficient administration of the Plan and as are consistent with the Plan and trust agreement, if any.

(c) To direct the payment of distributions in accordance with the provisions of the Plan.

(d) To employ agents, attorneys, accountants, actuaries or other persons (who also may be employed by the Employers) and to delegate to them such powers, rights and duties as the Plan Administrator may consider necessary or advisable to carry out administration of the Plan.

(e) To appoint an investment manager to manage (with power to acquire and dispose of) the assets of the Employer that may be used to satisfy benefit obligations under the Plan, and to delegate to any such investment manager all of the powers, authorities and discretions granted to the Plan Administrator hereunder or under a Trust (if any).

7.3 Interested Plan Administrator Member. If a member of the Plan Administrator is also a Participant in the Plan, the Administrator member may not decide or determine any matter or question concerning distributions of any kind to be made to the him or her or the nature or mode of settlement of his or her, unless such decision or determination could be made by the Plan Administrator member under the Plan if the Plan Administrator member were not serving within the Plan Administrator.

7.4 Expenses. All costs, charges and expenses reasonably incurred by the Plan Administrator will be paid by the Employer. No compensation will be paid to a member of the Plan Administrator as such.

7.5 Claims. The Employer shall afford a reasonable opportunity to the claimant whose claim for benefits has been denied for a review of the decision denying such claim. Ultimately, the interpretation and construction of this Plan by the Plan Administrator, and any action taken hereunder, shall be binding and conclusive upon all parties in interest, provided, however, that nothing herein shall prevent any Participant or Beneficiary from enforcing his or her rights as a general unsecured creditor hereunder.

7.6 Reports. The Plan Administrator shall provide the Participant with a statement reflecting the amount of the Participant’s Deferral Account at least quarterly.

7.7 No Liability. No employee, agent, officer, trustee, member, volunteer or director of the Employer shall, in any event, be liable to any person for any action taken or omitted to be taken in connection with the interpretation, construction or administration of this Plan, so long as such action or omission to act be made in good faith.

ARTICLE VIII
AMENDMENT AND TERMINATION

This Plan may not be amended, altered or modified, except by a written instrument signed by the Employer and the Participants effected thereby or their respective successors; provided that the Employer may amend, alter, modify or terminate this Plan on a prospective basis at any time, provided (i) that no such amendment, alteration, modification or termination shall adversely affect a Participant’s entitlement to benefits attributable to amounts credited to his or her Deferred Compensation Account in any Plan Year immediately prior to the Plan Year of the amendment, alteration, modification or termination of this Plan, and (ii) that until all amounts are distributed, the Employer must continue to offer Investment Designations that are at least reasonably comparable to the options available prior to such amendment, alteration, modification or termination.

ARTICLE IX
MISCELLANEOUS

9.1 Non-Assignability of Benefits. Neither any Participant nor any Beneficiary under this Plan shall have any power or right to transfer, assign, anticipate, hypothecate or otherwise encumber any part or all of the amounts payable hereunder. Such amounts shall not be subject to seizure by any creditor of a Participant or any Beneficiary hereunder, by a proceeding at law or in equity, nor transferable by operation of law in the event of the bankruptcy or insolvency of any Participant or any Beneficiary hereunder. Any such attempted assignment or transfer shall be void and shall terminate the Participant's participation in this Plan, and the Employer then may pay the benefits hereunder as if the Participant had terminated employment.

9.2 Impact on Other Benefits. Except as otherwise required by the Code or any other applicable law, this Plan and the benefits provided herein are in addition to all other benefits which may be provided by the Employer to the Participants from time to time, and shall not reduce, replace or otherwise cause any reduction, in any manner, with regard to any of such other benefits.

9.3 Notices. Any notice, consent or demand required or permitted to be given under the provisions of this Plan by the Employer or any Participant or Beneficiary shall be in writing, and shall be signed by the person or entity giving or making the same. If such notice, consent or demand is mailed, it shall be sent by United States certified mail, postage prepaid, addressed to the principal office of the Employer, or if to a Participant or Beneficiary to such individual or entity's last known address as shown on the records of the Employer. The date of such mailing shall be deemed the date of notice, consent or demand.

9.4 Tax Withholding. The Employer shall have the right to deduct from all deferrals and payments made under this Plan any federal, state or local taxes required by law to be withheld with respect to such deferrals and payments.

9.5 Governing Law. This Plan shall be governed by and construed in accordance with the internal laws of the State of Nebraska.

IN WITNESS WHEREOF, the Employer has executed and adopted this Plan as of the Effective Date.

WEST CORPORATION

By: /s/ PAUL M. MENDLIK

Its: ______________________

APPENDIX I
DEFINITIONS

Except as otherwise provided herein, the terms provided in this Appendix I shall have the following definitions wherever used in this Plan with initial capital letters.

Beneficiary means any person, entity, or any combination thereof the Participant names in the Participation Agreement as beneficiary to receive benefits under this Plan in the event of the Participant's death, or in the absence of any such designation, the Participant's estate. A Participant may amend his Participation Agreement to name a new Beneficiary at any time.

Cause means that the Participant has engaged in an act of willful misconduct, gross negligence, fraud or moral turpitude, as determined by the Employer.

Change in Control means during any period of two consecutive years or less: (i) individuals who at the beginning of such period constitute the entire Board of Directors of the Employer shall cease for any reason to constitute a majority thereof unless the election of, or nomination for election by the Employer's stockholders, of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period; (ii) the shareholders of the Employer approve any merger or consolidation as a result of which the common stock of the Employer shall be changed, converted or exchanged (other than a merger with a wholly-owned subsidiary of the Employer) or liquidation of the Employer or any sale or disposition of 50% or more of the assets or earning power of the Employer; or (iii) the shareholders of the Employer approve any merger or consolidation to which the Employer is a party as a result of which the persons who were shareholders of the Employer immediately prior to the effective date of the merger or consolidation shall have beneficial ownership of less than 50% of the combined voting power for election of directors of the surviving corporation following the effective date of such merger or consolidation.

Code means the Internal Revenue Code of 1986, as amended.

Compensation means the total cash compensation paid to a Participant for services rendered to the Company as an employee (as reported on Form W-2).

Deferred Compensation Account means the amounts attributable to the Participant as provided in Article IV of the Plan.

Disability means that a Participant has been considered "disabled" under the Employer's long-term disability plan maintained for employees generally; provided, however, that if there is no such plan at the time, the Participant shall be considered "disabled" if he or she is entitled to collect disability benefits from the Social Security Administration.

Earnings means the amount credited to each Participant's Deferred Compensation Account as Earnings as provided in Article III of the Plan.

Election to Defer, or Deferral Election means the provisions of the Participation Agreement providing for the Participant to elect to defer a portion of his or her Compensation, as amended from time to time.

Eligible Employee means an Employee eligible to participate in the Plan, as provided under Section 2.1.

Employee means an employee of the Employer selected by the Employer to participate in this Plan, and who elects to participate in this Plan by executing and delivering to the Employer a Participation Agreement; provided, however, that all employees selected by the Employer shall be members of a select group of management or highly compensated employees as described in Sections 202, 301 and 401 of ERISA.

Employer means West Corporation and any entity within the same controlled group of corporations within the meaning of Sections 414(b) and (c) of the Code.

ERISA means the Employee Retirement Income Security Act of 1974, as amended.

Investment Designation means the provisions of the Participation Agreement providing for the Investment Designation by the Participant as described in Article III of this Plan, as amended or replaced from time to time.

Participant means an Employee who has executed a Participation Agreement.

Participation Agreement means the agreement executed by Participant that includes provisions for the Employee's Election to Defer, the Employee's Beneficiary Designation, and the Employee's Investment Designation.

Plan Year means the calendar year.

Salary means the Employee's base salary, as determined by the Employer.

Trust means any trust that may be established in connection with the Plan to set-aside assets of the Plan and provide security to Participants; provided, however, that unless otherwise agreed to by the Participant and Employer, the assets held in such trust would remain the property of the employer and subject to creditors of the corporation.

Year of Service means a Plan Year in which the Employee worked at least 1,000 hours for the Employer or for any other entity which merged with the Employer or was otherwise acquired by the Employer if the Employee was employed on a full-time basis by such other entity at the time of such merger or other acquisition.

EXHIBIT A

PARTICIPATION AGREEMENT

Name of Employee: ____

Employee's Address: ____

____

Social Security No: ____

Date of Birth: ____

I. ELECTION TO DEFER

The Participant hereby elects to defer the following amount or percentage of his or her Compensation (or part thereof) pursuant to the West Corporation Nonqualified Deferred Compensation Plan ("Plan") for the ________Plan Year (i.e., calendar year):

Base Compensation/Director Fees
________% for such year

Periodic Bonus
$________ for such year, OR
________% for such year

II. DEFERRAL DATE

The Participant hereby elects irrevocably that, subject to the terms of the Plan, all amounts identified in Part I above for such Plan Year shall be payable on the following date:

____
(can be no earlier than the fifth year following the Plan Year of Deferral)

III. FORM OF PAYMENT

The Participant hereby elects irrevocably that, subject to the terms of the Plan, all amounts identified in Part I above for such Plan Year shall be payable in the form of:

________ A single, lump sum distribution
________ Five substantially equal annual installments (based on percentage)

IV. BENEFICIARY DESIGNATION

The Participant hereby designates the following individual(s) or entity(ies) as his or her beneficiary(ies) pursuant to Plan in accordance with Section 6.4 of the Plan (insert name, Social Security Number, relationship, date of birth and address of individuals; fully identify any Trust by the name of the trust, date of execution of the trust, the trustee’s name, the trust’s address, and the trust’s Employer Identification Number):

Primary Beneficiary(ies) Percentage

____

____

____

Contingent Beneficiary(ies) (*if no primary beneficiary remains)* Percentage

____

____

____

The Participant hereby reserves the right to change this Beneficiary Designation, and any such change shall be effective when executed in writing by the Participant and delivered to the Employer, all in the manner as designated by the Employer from time to time.

IV. INVESTMENT DESIGNATION FOR CURRENT DEFERRAL ELECTION

The Participant hereby designates the following investment or investments as provided in the Plan:

Name of Investment	Invested Percentage
West Corporation ("Employer Stock")	
Wells Fargo Stable Return Fund (DSRF1)	
Wells Fargo Diversified Bond Fund (NVMFX)	
PIMCO Total Return (PTRAX)	
Wells Fargo Growth Balanced Fund (NVGBX)	
MFS Balanced Domestic Total Return (MSFRX)	
Wells Fargo Index Fund (NVINX)	
MFS Large Cap Value (MEIAX)	
Fidelity Advisor Growth Opportunities (FAGOX)	
Dreyfus Appreciation (DGAGX)	
Wells Fargo Large Cap Growth Fund (NVLCX)	
Janus Growth & Income (JAGIX)	
Goldman Sachs Mid Cap Value (GCMAX)	
PIMCO MidCap Growth Fund (PMCGX)	
AIM Mid Cap Equity (GTAGX)	
Goldman Sachs Small Cap Value (GSSIX)	
Franklin Balance Sheet Investors Fund (FRBSX)	
Janus Worldwide Fund (JAWWX)	
Templeton Growth Fund (TEPLX)	

The Participant hereby reserves the right to change such investment designation from time to time as permitted by the Plan and the Employer, and any such change shall become effective when executed in writing by the Participant and delivered to the Employer, all in the manner as designated by the Employer from time to time; provided, however, that any election to invest in Employer Stock is irrevocable.

In the event that the Employer desires to acquire any product or other item (including but not limited to a life insurance policy on the Participant's life) in connection with this Plan, the Participant hereby agrees to reasonably cooperate to the extent necessary in such process.

IN WITNESS WHEREOF, the Employer and the Participant have executed this Participation Agreement on the dates designated below.

PARTICIPANT

Date: ________________

____
Signature of Participant

WEST CORPORATION

Date: ________________

By: ______________________________
Signature of Participant

Its: ______________________________

EXHIBIT 23.01

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statements Nos. 333-24473 and 333-29353 of West Corporation and subsidiaries on Form S-8 of our reports dated February 4, 2003 (which reports express an unqualified opinion and include an explanatory paragraph relating to the change in accounting for goodwill and other intangible assets in connection with the adoption of Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*), appearing in the Annual Report on Form 10-K of West Corporation and subsidiaries for the year ended December 31, 2002.

/S/ DELOITTE & TOUCHE LLP

Deloitte & Touche LLP

Omaha, Nebraska
March 11, 2003

EXHIBIT 99.01

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of West Corporation (the “Company”) on Form 10-K for the period ending December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Thomas B. Barker, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ THOMAS B. BARKER

Thomas B. Barker
President and Chief Executive Officer
March 11, 2003

EXHIBIT 99.02

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of West Corporation (the “Company”) on Form 10-K for the period ending December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Paul M. Mendlik, Executive Vice President—Chief Financial Officer and Treasurer, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ PAUL M. MENDLIK

Paul M. Mendlik
Executive Vice President—
Chief Financial Officer and Treasurer

March 11, 2003