

As filed with the Securities and Exchange Commission on January 29, 1997
Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

STARTEK, INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction
of incorporation or organization)

7389
(Primary Standard Industrial
Classification Code Number)

84-1370538
(I.R.S. Employer
Identification No.)

111 HAVANA STREET
DENVER, COLORADO 80010
(303) 361-6000

(Address, including zip code, and telephone number, including area code, of
registrant's principal executive office)

MICHAEL W. MORGAN
PRESIDENT AND CHIEF EXECUTIVE OFFICER
STARTEK, INC.

111 HAVANA STREET
DENVER, COLORADO 80010
(303) 361-6000

(Name, address, including zip code, and telephone number,
including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon
as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on
a delayed or continuous basis pursuant to Rule 415 under the Securities Act of
1933, check the following box: []

If this Form is filed to register additional securities for an offering
pursuant to Rule 462(b) under the Securities Act, please check the following box
and list the Securities Act registration statement number of the earlier
effective registration statement for the same offering. []

If this Form is a post-effective amendment filed pursuant to Rule 462(c)
under the Securities Act, check the following box and list the Securities Act
registration statement number of the earlier effective registration statement
for the same offering. []

If delivery of the prospectus is expected to be made pursuant to Rule 434,
please check the following box: []

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED (1)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE (2)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (2)	AMOUNT OF REGISTRATION FEE
Common Stock, par value \$.01 per share	4,216,667 Shares	\$16.00	\$67,466,672	\$20,445.00

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(1) Includes 550,000 shares which the Underwriters have the option to purchase to cover over-allotments, if any.
(2) Estimated solely for the purpose of determining the registration fee pursuant to Rule 457 of the Securities Act of 1933, as amended.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.
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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

PROSPECTUS
SUBJECT TO COMPLETION, DATED _____, 1997
, 1997
3,666,667 SHARES
STARTEK, INC.
COMMON STOCK

Of the 3,666,667 shares of common stock, \$.01 par value per share (the "Common Stock"), offered hereby, 3,000,000 shares are being sold by StarTek, Inc. ("StarTek" or the "Company") and 666,667 shares are being sold by the Selling Stockholders named herein. The Company will not receive any of the proceeds from the sale of shares by the Selling Stockholders. See "Principal and Selling Stockholders." Prior to this offering, there has been no public market for the Common Stock. It is currently estimated that the initial public offering price will be between \$14.00 and \$16.00 per share. See "Underwriting" for a discussion of the factors considered in determining the initial public offering price. The Company intends to file an application to list the Common Stock on the New York Stock Exchange under the symbol "SRT."

SEE "RISK FACTORS" BEGINNING ON PAGE 7 HEREOF FOR INFORMATION THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS.
ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to the Public	Underwriting Discounts and Commissions (1)	Proceeds to the Company (2)	Proceeds to the Selling Stockholders
Per Share	\$	\$	\$	\$
Total(3)	\$	\$	\$	\$

- (1) THE COMPANY AND THE SELLING STOCKHOLDERS HAVE AGREED TO INDEMNIFY THE SEVERAL UNDERWRITERS AGAINST CERTAIN LIABILITIES, INCLUDING LIABILITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED. SEE "UNDERWRITING."
- (2) BEFORE DEDUCTING EXPENSES PAYABLE BY THE COMPANY, ESTIMATED AT \$500,000. THE COMPANY HAS AGREED TO PAY THE EXPENSES OF THE SELLING STOCKHOLDERS, OTHER THAN UNDERWRITING DISCOUNTS AND COMMISSIONS.
- (3) THE SELLING STOCKHOLDERS HAVE GRANTED TO THE UNDERWRITERS A 30-DAY OPTION TO PURCHASE UP TO 550,000 ADDITIONAL SHARES OF COMMON STOCK SOLELY TO COVER OVER-ALLOTMENTS, IF ANY. IF SUCH OPTION IS EXERCISED IN FULL, THE TOTAL PRICE TO THE PUBLIC, UNDERWRITING DISCOUNTS AND COMMISSIONS, PROCEEDS TO THE COMPANY AND PROCEEDS TO THE SELLING STOCKHOLDERS WILL BE \$_____, \$_____, \$_____ AND \$_____, RESPECTIVELY. SEE "UNDERWRITING."

The shares of Common Stock are being offered by the several Underwriters, subject to prior sale, when, as and if accepted by the Underwriters, subject to various prior conditions, including their right to reject any order in whole or in part. It is expected that delivery of share certificates will be made in New York, New York, on or about _____, 1997.

DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION

MORGAN STANLEY & CO.
INCORPORATED

[Graphics]

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK STOCK EXCHANGE OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

PROSPECTUS SUMMARY

THE FOLLOWING SUMMARY INFORMATION IS QUALIFIED IN ITS ENTIRETY BY THE MORE DETAILED INFORMATION, INCLUDING "RISK FACTORS" AND COMBINED FINANCIAL STATEMENTS AND NOTES THERETO, INCLUDED ELSEWHERE IN THIS PROSPECTUS. UNLESS OTHERWISE

INDICATED, INFORMATION IN THIS PROSPECTUS (I) GIVES EFFECT TO THE OFFERING RELATED TRANSACTIONS (DEFINED AND DESCRIBED BELOW), (II) GIVES EFFECT TO A _____ FOR ONE STOCK SPLIT OF THE COMMON STOCK TO BE EFFECTED BY A STOCK DIVIDEND IMMEDIATELY PRIOR TO THE CLOSING OF THIS OFFERING AND (III) ASSUMES AN INITIAL PUBLIC OFFERING PRICE OF \$15.00 PER SHARE OF COMMON STOCK, THE MIDPOINT OF THE OFFERING PRICE RANGE SET FORTH ON THE COVER OF THIS PROSPECTUS. UNLESS OTHERWISE INDICATED, REFERENCES TO "STARTEK" AND THE "COMPANY" REFER TO STARTEK, INC. AND ITS WHOLLY-OWNED SUBSIDIARIES, STARPAK, INC. AND STARPAK INTERNATIONAL, LTD., COLLECTIVELY, OR, FOR PERIODS PRIOR TO JANUARY 1997, REFER TO STARPAK, INC. AND STARPAK INTERNATIONAL, LTD., COLLECTIVELY. SEE "OFFERING RELATED TRANSACTIONS."

THE COMPANY

StarTek is a leading international provider of integrated, value-added outsourced services primarily for Fortune 500 companies in targeted industries. The Company's integrated outsourced services encompass a wide spectrum of logistics management and customer-initiated ("inbound") teleservices throughout a product's life cycle, including product order teleservices, supplier management, product assembly and packaging, product distribution, product order fulfillment, and customer care and technical support teleservices. By focusing on these services as its core business, StarTek allows its clients to focus on their primary businesses, reduce overhead, replace fixed costs with variable costs and reduce working capital needs.

The Company has continuously expanded its business and facilities to offer additional services on an outsourced basis in response to the growing needs of its clients and to capitalize on market opportunities both domestically and internationally. StarTek operates from its Colorado facilities located in Denver and Greeley and from a facility located in Hartlepool, England. The Company also operates through a subcontract relationship in Singapore. For the nine months ended September 30, 1996, the Company's revenues increased approximately 88.3% to \$44.8 million from \$23.8 million for the nine months ended September 30, 1995. Income before management fee expense and income taxes increased approximately 182.9% to \$3.2 million from \$1.1 million during the same period.

StarTek's goal is to grow profitably by focusing on providing high-quality integrated, value-added outsourced services. StarTek has a strategic partnership philosophy, through which the Company assesses each of its client's needs and, together with the client, develops and implements customized outsourcing solutions. Management believes that its entrepreneurial culture, long-term relationships with clients and suppliers, efficient operations, dedication to quality and use of advanced technology and management techniques provide StarTek a competitive advantage in attracting and retaining clients that outsource non-core operations. Three of the Company's top four clients have utilized its outsourced services for more than five years and the fourth client initiated services with the Company in April 1996.

StarTek has focused primarily on the computer software, computer hardware, electronics, telecommunications and other technology-related industries because of their rapid growth, complex and evolving product offerings and large customer bases, which require frequent, often sophisticated, customer interaction. Management believes that there are substantial opportunities to cross-sell StarTek's wide spectrum of outsourced services to its existing base of approximately 100 clients, which includes Broderbund Software, Inc., Electronic Arts, Inc., Federal Express Corporation, Hewlett-Packard Company, Microsoft Corporation, Polaroid Corporation, Simon & Schuster, Inc., Sony Electronics, Inc., The 3DO Company, and Viacom International, Inc. The Company intends to capitalize on the increasing trend toward outsourcing by targeting potential clients in other industries, including health care, financial services, transportation services and consumer products, which could benefit from the Company's expertise in developing and delivering integrated, cost-effective outsourced services.

STARTEK'S INTEGRATED SERVICES

The Company's interaction with a client's customers may begin with an inbound call or message via the Internet requesting information or placing an order for the client's product. A StarTek service representative takes the order, and if the Company manages the client's inventory, the Company packs and ships the order. If the Company does not manage the client's inventory, the Company transmits the customer's request directly to the client. In the event the Company manages the client's inventory, the Company may receive finished goods directly from a client or the Company may manage the production process on an outsourced basis, following product specifications provided by the client. In the latter case, the Company selects and contracts with the necessary suppliers and performs all tasks necessary to assemble and package the finished product, which may be held by the Company pending receipt of customer orders or shipped in bulk to distributors or retail outlets.

The Company's clients typically provide their customers with telephone numbers for product questions and technical support. Calls are routed to StarTek customer care or technical support service representatives who have been trained to support specific products. That request also may lead to an order for another product or service offered by the client, in which case the Company takes the order and the cycle may begin again. StarTek's clients may utilize one or more of the Company's outsourced services.

BUSINESS STRATEGY

StarTek's strategic objective is to increase revenues and earnings by maintaining and enhancing its position as a leading international provider of integrated, value-added outsourced services. To reach this objective, the Company intends to:

PROVIDE INTEGRATED OUTSOURCED SERVICES. StarTek seeks to provide integrated outsourced services which enable its clients to provide their customers with high-quality services at lower cost than through a client's own in-house operations. The Company believes that its ability to tailor operations, materials and employee resources objectively and to provide integrated value-added outsourced services on a cost-effective basis will allow the Company to become an integral part of its clients' businesses.

DEVELOP STRATEGIC PARTNERSHIPS AND LONG-TERM RELATIONSHIPS. StarTek seeks to develop long-term client relationships, primarily with Fortune 500 companies in targeted industries. The Company invests significant resources to establish strategic partnership relationships and to understand each client's processes, culture, decision parameters and goals, so as to develop and implement customized solutions. The Company believes that this solution-oriented, value-added integrated approach to addressing its clients' needs distinguishes StarTek from its competitors and plays a key role in the Company's ability to attract and retain clients on a long-term basis.

MAINTAIN LOW-COST POSITION THROUGH MODERN PROCESS MANAGEMENT. StarTek strives to establish a competitive advantage by frequently redefining its operational processes to reduce costs and improve quality. StarTek's continuous improvement philosophy and modern process management techniques enable the Company to reduce waste and increase efficiency in the following areas: (i) controlling overproduction; (ii) minimizing waiting time due to inefficient work sequences; (iii) reducing inessential handling of materials; (iv) eliminating nonessential movement and processing; (v) implementing fail-safe processes; (vi) improving inventory management; and (vii) preventing defects.

EMPHASIZE QUALITY. StarTek strives to achieve the highest quality standards in the industry. To this end, the Company has received ISO 9002 certification, an international standard for quality assurance and consistency in operating procedures, for all of its domestic facilities and services, and

expects to receive ISO 9002 certification for its United Kingdom facility in mid-1997. Certain of the Company's existing clients require evidence of ISO 9002 certification, and the Company anticipates that many potential clients may require ISO 9002 certification prior to selecting an outsourcing provider.

3

CAPITALIZE ON SOPHISTICATED TECHNOLOGY. The Company believes it has established a competitive advantage by capitalizing on sophisticated technology and proprietary software, including automatic call distributors, inventory management software, transportation management software, call tracking systems and telephone-computer integration software. These capabilities enable StarTek to improve efficiency, serve as a transparent extension of its clients, receive telephone calls and data directly from its clients' systems, and report detailed information concerning the status and results of the Company's services and interaction with clients on a daily basis.

GROWTH STRATEGY

The Company's growth strategy is designed to capitalize on the increasing demand for outsourced services and improve and expand StarTek's position as an international provider of integrated, value-added outsourced services. This strategy includes the following key elements:

INCREASE CAPACITY. Management believes that as a provider of outsourced services it must be ready to serve its clients in periods of peak demand for its clients' products or services. Accordingly, the Company intends to continue to increase product handling and teleservice workstation capacity to meet anticipated demand for the Company's outsourced services. During 1996, the Company increased its teleservice workstations by 54.6%, to 558 from 361. In addition, the Company reengineered and expanded its primary product handling facility to increase its daily capacity by 200.0%, to 180,000 units from 60,000 units for certain types of products.

CROSS-SELL SERVICES TO EXISTING CLIENTS. Management believes there are substantial opportunities to cross-sell its wide spectrum of outsourced services to other divisions or operations within its existing clients' organizations. StarTek capitalizes on its relationships and comprehensive understanding of its clients' businesses to identify additional divisions and areas where the Company could provide its services. For example, the Company's two oldest current client relationships, which began in 1987 and 1988 utilizing only one service each, today utilize substantially all of the Company's outsourced services. Management further believes that its ability to provide integrated solutions helps the Company to create strategic partnership relationships and gives the Company a competitive advantage to be selected as the service provider of choice.

EXPAND CLIENT BASE. The Company intends to capitalize on its low-cost position and extensive offering of services to penetrate further the industries which the Company currently serves and to seek clients in other industries. Management believes that there are several additional industries, including health care, financial services, transportation services and consumer products, which provide significant market opportunities to the Company. To facilitate the Company's anticipated growth, the Company increased its sales force to eight full-time professionals as of the date of this offering, from four at the end of 1996.

INCREASE INTERNATIONAL OPERATIONS. The Company currently conducts business in North America, Europe and Asia. Management believes that many of the trends leading to the growth of outsourced services in the United States are occurring in international markets as well. Management also believes that many companies, including several of its existing multinational clients, are seeking outsourced services on an international basis. To capitalize on these international opportunities, the Company intends to expand its international operations.

DEVELOP NEW SERVICES. Management believes that the trend toward outsourcing and rapid technological advances will result in new products and types of customer interactions which will create opportunities for the Company to provide additional outsourced services. StarTek intends to capitalize upon its strategic long-term relationships to provide new outsourced services to its clients as opportunities arise.

ACQUIRE COMPLEMENTARY COMPANIES AND EXPAND STRATEGIC ALLIANCES. StarTek intends to evaluate the acquisition of complementary companies that could extend its presence into new geographic markets or industries, expand its client base, add new product or service applications and/or provide operating synergies. Management believes that there could be many domestic and international acquisition and strategic alliance opportunities as companies consider

4

selling their existing in-house operations and as smaller companies seek growth capital and economies of scale to remain competitive.

The Company is a Delaware corporation with its executive offices at 111 Havana Street, Denver, Colorado 80010, and its telephone number is (303) 361-6000.

THE OFFERING

Common Stock Offered:

By the Company	3,000,000 shares
By Selling Stockholders(a)	666,667 shares

Total	3,666,667 shares

Common Stock outstanding after this offering(b) ... _____ shares

Use of Proceeds The estimated net proceeds to the Company of \$41.4 million from this offering will be used to repay substantially all outstanding indebtedness of the Company (including notes payable to the Selling Stockholders), related prepayment premiums, and for working capital and other general corporate purposes, including capital expenditures to increase its capacity and for possible future acquisitions. See "Use of Proceeds."

Proposed New York Stock Exchange symbol SRT

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- (a) Assumes no exercise of the over-allotment option to purchase up to 550,000 additional shares granted by the Selling Stockholders to the Underwriters. See "Principal and Selling Stockholders" and "Underwriting."
 - (b) Excludes 985,000 shares and 90,000 shares reserved for future issuance under the Company's Option Plan and Director Option Plan, respectively. See "Management--Compensation of Directors" and "Management--Stock Option Plan."

SUMMARY COMBINED FINANCIAL DATA

The following summary historical and pro forma combined financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Combined Financial Statements and notes thereto, included elsewhere in this Prospectus. The financial data for the nine months ended September 30, 1995 and 1996 are not necessarily indicative of the results which may be expected for any other interim period or for a full year.

	YEAR	SIX MONTHS	YEARS ENDED DECEMBER 31,			NINE MONTHS ENDED	
	ENDED JUNE 30, 1992	ENDED DECEMBER 31, 1992	1993	1994	1995	SEPTEMBER 30, 1995	1996
	(in thousands, except per share amounts)						
STATEMENT OF OPERATIONS DATA:							
Revenues	\$16,791	\$11,880	\$23,044	\$26,341	\$41,509	\$23,793	\$44,806
Operating profit	1,705	832	1,526	497	2,938	1,399	3,513
Income before management fee expense and income taxes	1,618	824	1,333	281	2,542	1,135	3,211
Management fee expense	--	400	1,702	612	2,600	957	1,397
Net income (loss)	1,031	482	(369)	(331)	(58)	178	1,702
PRO FORMA STATEMENT OF OPERATIONS DATA (UNAUDITED):							
Historical income before management fees and income taxes					\$ 2,542		\$ 3,211
Pro forma income taxes					948		1,198
Pro forma net income(a)					\$ 1,594		\$ 2,013
Pro forma net income per share							
Pro forma shares outstanding							
SELECTED OPERATING DATA:							
Capital expenditures	\$ 136	\$ 153	\$ 1,239	\$ 670	\$ 2,105	\$ 459	\$ 581
Depreciation and amortization	149	79	456	588	873	606	938

	AT SEPTEMBER 30, 1996		
	ACTUAL	PRO FORMA (b)	PRO FORMA AS ADJUSTED (c)
BALANCE SHEET DATA:			
Working capital (deficit)	\$ 1,294	(\$ 4,215)	\$35,119
Total assets	17,167	17,167	48,597
Total debt	4,291	9,800	--
Total stockholders' equity	5,511	2	41,232

- (a) The Company was a C corporation for federal and state income tax purposes through June 30, 1992. From and after July 1, 1992, the Company has been an S corporation and, accordingly, has not been subject to federal or state income taxes. Pro forma net income (i) reflects the elimination of management fee expense and (ii) includes a provision for federal, state and foreign income taxes at an effective rate of 37.3%. See "Offering Related Transactions."
- (b) The pro forma combined balance sheet at September 30, 1996 reflects, as notes payable to the Principal Stockholders, amounts relating to accumulated retained earnings and additional paid-in capital without reflecting any proceeds from the proposed public offering.
- (c) Gives effect to the sale by the Company of 3,000,000 shares of Common Stock in this offering and the application of the estimated net proceeds therefrom, including repayment of indebtedness of the Company. See "Use of Proceeds" and "Capitalization."

RISK FACTORS

IN ADDITION TO THE OTHER INFORMATION IN THIS PROSPECTUS, THE FOLLOWING FACTORS SHOULD BE CONSIDERED CAREFULLY IN EVALUATING THE COMPANY AND ITS

BUSINESS BEFORE PURCHASING SHARES OF COMMON STOCK.

RELIANCE ON PRINCIPAL CLIENT RELATIONSHIPS

A substantial portion of the Company's revenue is generated from relatively few clients and the loss of a significant client or clients could have a material, adverse effect on the Company's business, results of operations and financial condition. The Company's two largest clients in 1996 were Hewlett-Packard Company ("Hewlett Packard") and Microsoft Corporation ("Microsoft"). The Company provides various outsourced services to multiple divisions of Hewlett Packard, which the Company considers to be separate clients based upon the fact that each division acts through a relatively autonomous decision maker. In the aggregate, however, Hewlett Packard's various divisions accounted for approximately 39.3% of the Company's total revenues during 1996. Microsoft, which began its outsourcing relationship with StarTek in April 1996, accounted for approximately 32.9% of the Company's total revenues during 1996. There can be no assurance that the Company will be able to retain its significant clients or that, if it were to lose one or more of its significant clients, it would be able to replace such clients with clients that generate a comparable amount of revenues. See "Business--Clients" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

VARIABILITY OF QUARTERLY OPERATING RESULTS

The Company's business has been and is expected to be significantly slower in the first and second quarters of each year due to the timing of its client's marketing programs and the introduction of new products, which are typically geared toward the Christmas holiday season. Additionally, the Company has experienced, and expects to experience in the future, quarterly variations in revenues as a result of a variety of factors, many of which are outside the Company's control, including: (i) the timing of new projects; (ii) the expiration or termination of existing projects; (iii) the timing of increased expenses incurred to obtain and support new business; (iv) changes in the Company's revenue mix among its various outsourced services; (v) the seasonal pattern of certain of the businesses served by the Company; and (vi) the cyclical nature of certain clients' businesses. In 1995, the percentage of the Company's revenues generated from the first through the fourth quarter were 19.2%, 14.8%, 23.3% and 42.7%, respectively. If the Company's revenues are below management's expectations in any given quarter, StarTek's operating results could be materially adversely affected for that quarter. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Quarterly Results."

DIFFICULTIES OF MANAGING RAPID GROWTH

The Company has experienced rapid growth over the past several years and anticipates continued future growth. Continued growth depends on a number of factors, including the Company's ability to (i) initiate, develop and maintain new and existing client relationships and expand its marketing operations; (ii) recruit, motivate and retain qualified management and other personnel; (iii) rapidly expand the capacity of the Company's existing facilities or identify, acquire or lease suitable new facilities on acceptable terms, and complete build-outs of such facilities in a timely and economic fashion; (iv) maintain the high quality of the services that StarTek provides to its clients; and (v) maintain relationships with high-quality and reliable suppliers. The Company's continued rapid growth can be expected to place a significant strain on the Company's management, operations, employees and resources. There can be no assurance that the Company will be able to maintain or accelerate its current growth, effectively manage its expanding operations or achieve planned growth on a timely or profitable basis. If the Company is unable to manage growth effectively, its business, results of operations and financial condition could be materially adversely affected. See "Business--Growth Strategy."

DEPENDENCE ON KEY PERSONNEL

The Company's success to date has depended in large part on the skills and efforts of A. Emmet Stephenson, Jr., the Company's co-founder and Chairman of the Board, and of Michael W. Morgan, the Company's co-founder, President and Chief Executive Officer. Although A. Emmet Stephenson, Jr. and Michael W. Morgan will own approximately ___% and ___% of the outstanding Common Stock (___% and ___% if the Underwriters' over-allotment option is fully exercised) after this offering, neither has entered into an employment agreement with the Company and there can be no assurance that the Company can retain the services of these individuals. The loss of either of Messrs. Stephenson or Morgan, or the Company's inability to hire or retain other qualified officers or key employees, could have a material adverse effect on the Company's business, results of operations, growth prospects and financial condition. See "Management."

DEPENDENCE ON KEY INDUSTRIES AND TREND TOWARD OUTSOURCING

The Company's clients are primarily Fortune 500 companies involved in technology-related industries. The Company's business and growth is largely dependent on the continued demand for the Company's services from clients in these industries and industries targeted by the Company, and current trends in such industries to outsource their product order teleservices, supplier management, product assembly and packaging, product distribution, product order fulfillment, inbound customer care and technical support teleservices and other outsourced services offered by the Company. A general economic downturn in the computer industry or in other industries targeted by the Company or a slowdown or reversal of the trend in any of these industries to outsource services provided by the Company could have a material adverse effect on the Company's business, results of operations, growth prospects and financial condition. See "Business--Clients."

RISKS ASSOCIATED WITH THE COMPANY'S CONTRACTS

Although the Company currently seeks to sign multi-year contracts with its clients, the Company's contracts generally (i) permit termination upon relatively short notice by the client; (ii) do not designate the Company as the client's exclusive outsourced service provider; (iii) do not penalize the client for early termination; and (iv) hold the Company responsible for products which fail to meet the clients' specifications. Further, the Company frequently works on a purchase order basis with no minimum purchase guarantee. Several of the Company's contracts require the Company to maintain its ISO 9002 certification. Management believes, however, that maintaining satisfactory relationships with its clients has a more significant impact on the Company's revenues than the specific terms of its client contracts. Although several of the Company's clients have elected not to renew or extend short-term contracts, or have terminated contracts on relatively short notice to the Company, to date, none of the foregoing types of contractual provisions has had a material adverse effect on the Company's business, results of operations or financial condition. See "Business--Services," "Business--Sales and Marketing," and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Substantially all of the Company's significant arrangements with its clients for product order teleservices, supplier management, product assembly and packaging, product distribution, product order fulfillment and customer care and technical support teleservices generate revenues based, in large part, on the number and duration of customer inquiries (subject to certain minimum monthly payments) and the volume, complexity and type of components involved in the client's products. Changes in the number or type of components of product units assembled by the Company may have an effect on the Company's revenues independent of the number of product units assembled. Consequently, the amount of revenues generated from any particular client is generally dependent upon customers' purchase and use of the client's products. There can be no assurance as to the number of customers who will be attracted to the products of the Company's clients or that the Company's clients will continue to develop new products that will require the Company's services. See "Business--Clients" and "Business--Technology."

RISKS ASSOCIATED WITH RAPIDLY CHANGING TECHNOLOGY

The Company's business is highly dependent on its computer equipment, telecommunications equipment and software systems. The Company's failure to maintain sophisticated technological capabilities or to respond effectively to technological changes could have a material adverse effect on the Company's business, results of operations and financial condition. The Company's future success also will be highly dependent upon its ability to enhance existing services and introduce new services to respond to changing technological developments. Significant advances or changes in technology, which significantly reduce or eliminate the need for services provided by the Company, could have a material adverse effect on the Company's business. For example, significant development of the Internet as a delivery system for computer software and game play could adversely impact the demand for the Company's product order teleservices, product order fulfillment, product assembly and packaging and product distribution services. There can be no assurance that the Company can successfully develop and bring to market any new services in a timely manner, that such services will be commercially successful or that clients' and competitors' technologies or services will not render the Company's services noncompetitive or obsolete. See "Business--Technology."

RISKS OF BUSINESS INTERRUPTION

The Company's operations are dependent upon its ability to protect its facilities, clients' products, confidential customer information, computer equipment, telecommunications equipment and software systems against damage from fire, power loss, telecommunications interruption, natural disaster, theft, unauthorized intrusion, computer viruses and other emergencies, and the ability of its suppliers to deliver component parts on an expedited basis. While the Company maintains contingency plans for such events or emergencies and backs up its computers daily, there can be no assurance that such plans will be sufficient. In the event the Company experiences a temporary or permanent interruption or other emergency at one or more of its facilities through casualty, operating malfunction, employee malfeasance, disruption of supplier arrangements or otherwise, the Company's business could be materially adversely affected and the Company may be required to pay contractual damages to its clients or allow its clients to terminate or renegotiate their contracts with the Company. While the Company maintains property and business interruption insurance, such insurance may not adequately compensate the Company for all losses that it may incur. See "Business--Services."

RISKS ASSOCIATED WITH INTERNATIONAL OPERATIONS AND EXPANSION

The Company currently conducts business in Europe and Asia, in addition to its North American operations. Such international operations accounted for approximately 21.0% of the Company's revenues for 1996. A component of the Company's growth strategy is to expand its international operations. There can be no assurance that the Company will be able to continue or expand its capacity to market, sell and deliver its services in international markets, or that it will be able to acquire companies or integrate acquired companies to expand international operations. In addition, there are certain risks inherent in conducting international business, including exposure to currency fluctuations, longer payment cycles, greater difficulties in accounts receivable collection, difficulties in complying with a variety of foreign laws, unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations, political instability and potentially adverse tax consequences. There can be no assurance that one or more of such factors will not have a material adverse effect on the Company's international operations and, consequently, on the Company's business, results of operations, growth prospects and financial condition. See "Business--Growth Strategy" and "Business--Services."

DEPENDENCE ON LABOR FORCE

The Company's success is largely dependent on its ability to recruit, hire, train and retain qualified employees. The Company's industry is labor intensive and has experienced high personnel turnover. Some of the Company's operations, particularly its technical support teleservices, require specially trained employees. A significant increase in the Company's employee turnover rate could increase the Company's recruiting and training costs and decrease operating efficiency and productivity. Also, the addition of significant new clients or the implementation of new large-scale programs may require the Company to recruit, hire and train qualified personnel at an accelerated rate. There can be no assurance that the Company will be able to continue to recruit, hire, train and retain sufficient qualified personnel to staff adequately for existing business or future growth. In addition, because a significant portion of the Company's operating costs relate to labor costs, an increase in wages (including an increase in the mandatory minimum wage by the federal government), costs of employee benefits, or employment taxes could have a material adverse effect on the Company's business, results of operations and financial condition. Further, certain of the Company's facilities are located in geographic areas with relatively low unemployment rates, thus potentially making it more difficult and costly to hire qualified personnel. See "Business--Employees and Training" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

SUBSTANTIAL PORTION OF NET PROCEEDS ALLOCATED FOR GENERAL WORKING CAPITAL

A substantial portion (\$31.4 million) of the net proceeds to the Company from this offering has been allocated to working capital and other general corporate purposes. This amount may increase substantially as other anticipated uses of net proceeds are funded through cash flow or otherwise reduced. The net proceeds may be utilized at the discretion of the Board of Directors. As a result, investors may not know in advance how such net proceeds will be utilized by the Company. See "Use of Proceeds."

CONTROL BY PRINCIPAL STOCKHOLDERS

Prior to this offering, all of the outstanding capital stock of the Company was owned or controlled by executive officers of the Company and their affiliates (collectively, the "Principal Stockholders"). Following closing of this offering, A. Emmet Stephenson, Jr., Chairman of the Board of the Company, and his family, will beneficially own approximately ___% of the outstanding shares of Common Stock (approximately ___% if the Underwriters' over-allotment option is fully exercised). As a result, Mr. Stephenson and his family will continue to be able to elect the entire Board of Directors of the Company and to control substantially all other matters requiring action by the Company's stockholders. Such voting concentration may have the effect of discouraging, delaying or preventing a change in control of the Company. See "Principal and Selling Stockholders."

HIGHLY COMPETITIVE MARKET

The markets in which the Company competes are highly competitive. The Company expects competition to persist and intensify in the future. The Company's competitors include small firms offering specific applications, divisions of large companies, large independent firms and, most significantly, the in-house operations of the Company's clients or potential clients. A number of competitors have or may develop financial and other resources greater than those of the Company. Similarly, there can be no assurance that additional competitors with greater name recognition and resources than the Company will not enter the Company's markets. Because the in-house operations of the Company's existing or potential clients are significant competitors of the Company, the Company's performance and growth could be negatively impacted if its existing clients decide to provide in-house services that currently are outsourced or if potential clients retain or increase their in-house capabilities. Further, a decision by a

major client to consolidate its outsourced services with a company other than StarTek may have an adverse impact on the Company, particularly due to the fact that the Company is not the largest supplier of any of the services currently provided by the Company to any of its largest clients. In addition,

10

competitive pressures from current or future competitors could result in significant price erosion, which could have a material adverse effect upon the Company's business, results of operations and financial condition. See "Business--Industry and Competition."

DIFFICULTIES OF COMPLETING AND INTEGRATING ACQUISITIONS AND JOINT VENTURES

One component of the Company's growth strategy is to pursue strategic acquisitions of companies that have services, products, technologies, industry specializations or geographic coverage that extend or complement the Company's existing business. The Company has never made an acquisition and there can be no assurance that the Company will be able to identify or acquire any such companies on favorable terms. If an acquisition is completed, there can be no assurance that such acquisition will enhance the Company's business, results of operations or financial condition. As part of its growth strategy, the Company may also pursue opportunities to undertake strategic alliances in the form of joint ventures. Joint ventures involve many of the same risks as acquisitions, as well as additional risks associated with possible lack of control of the joint ventures. See "Use of Proceeds" and "Business--Growth Strategy."

NO PRIOR PUBLIC MARKET; VOLATILITY OF STOCK PRICE

Prior to this offering, there has been no public market for the Common Stock, and there can be no assurance that an active public market for the Common Stock will develop or be sustained after this offering, or that the market price of the Common Stock will not decline below the initial public offering price. The initial public offering price of the Common Stock offered hereby will be determined by negotiations among the Company, the Selling Stockholders and the Underwriters based upon several factors and may not be indicative of the market price at which the Common Stock will trade after this offering. See "Underwriting" for a discussion of the factors considered in determining the initial public offering price.

The market price of the Common Stock may be highly volatile and could be subject to wide fluctuations in response to quarterly variations in operating results, the success of the Company in implementing its business and growth strategies, announcements of new contracts or contract cancellations, announcements of technological innovations or new products or services by the Company or its competitors, changes in financial estimates by securities analysts or other events or factors. In addition, the stock market has experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of many companies and that have often been unrelated to the operating performance of such companies. These broad market fluctuations may adversely affect the market price of the Common Stock. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against such a company. Any such litigation initiated against the Company could result in substantial costs and a diversion of management's attention and resources, which could have a material adverse effect on the Company's business, results of operations and financial condition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Quarterly Results."

SUBSTANTIAL AND IMMEDIATE DILUTION

Investors in this offering will incur immediate dilution of \$_____ per share in the pro forma net tangible book value per share of Common Stock (based upon the initial public offering price of \$15.00 per share). See "Dilution."

SUBSTANTIAL NUMBER OF SHARES ELIGIBLE FOR FUTURE SALE

The sale of a substantial number of shares of Common Stock, or the perception that such sales could occur, could adversely affect prevailing market prices of the Common Stock. The Company is unable to make any prediction as to the effect, if any, that future sales of Common Stock or the availability of Common Stock for sale may have on the market price of the Common Stock prevailing from time to time. In addition, any such sale or such perception could make it more difficult for the Company to sell equity securities or equity-related securities in the future at a time and price that the Company deems appropriate. Upon closing of this offering, the Company will have _____ shares of Common Stock outstanding, excluding shares of Common Stock issuable upon exercise of options outstanding under the StarTek, Inc. Stock Option Plan (the "Option Plan") and the StarTek, Inc. Director Stock Option Plan (the "Director Option Plan"). The Company and the Selling Stockholders have agreed not to offer, sell, contract to sell or otherwise dispose of, any shares of Common Stock for a period of 180 days after the date of this offering without the prior consent of Donaldson, Lufkin & Jenrette Securities Corporation ("DLJ"). Following expiration of that 180-day period, substantially all of the shares of Common Stock held by the Selling Stockholders will be eligible for public sale, subject to compliance with certain volume limitations prescribed by Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"). See "Shares Eligible for Future Sale" and "Underwriting."

ANTI-TAKEOVER PROVISIONS

Upon closing of this offering, the Board of Directors will have the authority to issue up to 15,000,000 shares of preferred stock and to determine the price, rights, preferences, privileges and restrictions, including voting rights, of those shares without any vote or action by the stockholders. The rights of the holders of the Common Stock will be subject to, and may be adversely affected by, the rights of the holders of any preferred stock that may be issued in the future. The issuance of the preferred stock, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of making it more difficult for a third party to acquire a majority of the outstanding voting stock of the Company. The Company has no present plan to issue any shares of preferred stock. Furthermore, certain provisions of the Company's Restated Certificate of Incorporation, Restated Bylaws and Delaware law could delay or complicate a merger, tender offer or proxy contest involving the Company. See "Description of Capital Stock."

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements that can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "estimate," or "continue" for the negation thereof or other variations thereon or comparable terminology. The matters set forth under "Risk Factors" constitute cautionary statements identifying important factors with respect to such forward-looking statements, including certain risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements.

OFFERING RELATED TRANSACTIONS

The following transactions will be completed prior to the closing of this offering (the "Offering Related Transactions").

TERMINATION OF S CORPORATION STATUS

Since July 1, 1992, the Company has been classified as an S corporation under Subchapter S of the Internal Revenue Code of 1986, as amended, and comparable state tax laws. As a result, the earnings of the Company have been taxed for federal and state income tax purposes directly to its stockholders, rather than to the Company. The S corporation status of the Company will terminate upon closing of this offering, and, accordingly, from and after such date, the Company will be directly subject to federal and state income taxes. Immediately prior to the closing of this offering, the Company will take certain actions relating to the termination of the S corporation status of the Company and its subsidiaries, as described below. See "Termination of Management Fees" and "Notes Payable to Principal Stockholders" below.

TERMINATION OF MANAGEMENT FEES

Historically, the Company has paid certain management fees and bonuses to the Principal Stockholders, and/or their affiliates, for services rendered to the Company, in amounts generally equal to the annual earnings of the Company. The Principal Stockholders have reinvested in the Company an amount equal to approximately 53% of the management fees and bonuses received, with a substantial portion of the balance used to pay applicable federal and state income taxes. The Company has terminated such management fee and bonus arrangements as of December 31, 1996, and no similar management fees or bonuses will be paid to the Principal Stockholders or their affiliates after the closing of this offering. After closing of this offering, an affiliate of A. Emmet Stephenson, Jr., will, however, be paid an advisory fee as described in "Certain Relationships and Related Party Transactions--Management Fees," and Michael W. Morgan may be paid bonuses at the discretion of the Compensation Committee (as defined below). See "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Management," and "Certain Relationships and Related Party Transactions--Management Fees."

NOTES PAYABLE TO PRINCIPAL STOCKHOLDERS

Immediately prior to closing this offering, the Company will declare a dividend in an amount equal to the estimated additional paid-in capital and retained earnings of the Company as of the closing date, payable to the Principal Stockholders pursuant to certain promissory notes, which will equal \$5.5 million, plus an adjustment for any additional paid-in capital and retained earnings after September 30, 1996 through the closing date. The promissory notes payable to the Principal Stockholders will be paid from net proceeds to the Company from this offering. From this amount, the Principal Stockholders will be required to pay applicable federal and state income taxes on earnings of the Company attributable to the period from January 1, 1997 through closing of this offering, the period in which the Company will continue to operate as an S corporation. See "Use of Proceeds" and "Certain Relationships and Related Party Transactions--Notes Payable to Principal Stockholders."

FORMATION OF STARTEK AND HOLDING COMPANY STRUCTURE

The Company was incorporated in Delaware in December 1996. Effective January 1, 1997, shareholders of StarPak, Inc. exchanged all of their outstanding shares of capital stock for shares of common stock of the Company, and StarPak, Inc. became a wholly-owned subsidiary of the Company. Effective January 24, 1997, shareholders of StarPak International, Ltd. contributed all of their outstanding shares of capital stock to the Company, and StarPak International, Ltd. became a wholly-owned subsidiary of the Company. Accordingly, the Company became a holding company for the businesses conducted by StarPak, Inc. and StarPak International, Ltd.

USE OF PROCEEDS

The net proceeds to the Company from the sale of the 3,000,000 shares of Common Stock by the Company offered hereby, after deducting the estimated underwriting discounts and commissions and offering expenses payable by the Company, are estimated to be \$41.4 million, assuming an initial public offering price of \$15.00 per share (the midpoint of the offering range set forth on the cover page of this Prospectus). The Company will not receive any proceeds from the sale of shares of Common Stock by the Selling Stockholders. See "Principal and Selling Stockholders."

The Company intends to use approximately \$9.8 million of the net proceeds of this offering to repay substantially all of its outstanding indebtedness, which includes approximately \$1.3 million of bank and mortgage indebtedness, \$2.3 million of capitalized lease obligations, \$0.7 million of notes payable to stockholders and \$5.5 million of notes payable to Principal Stockholders (subject to adjustment as described in "Offering Related Transactions"). The Company will pay approximately \$120,000 of prepayment premiums in connection with the repayment of the capitalized lease obligations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources." The balance of the net proceeds (approximately \$31.4 million) will be used for working capital and other general corporate purposes, including approximately \$10.0 million for capital expenditures to expand and build-out its existing facilities (to increase its number of teleservice workstations and product handling capacity) and to make strategic acquisitions of complementary businesses. The Company has not entered into any agreements, commitments or understandings and is not currently engaged in any negotiations with respect to any such acquisitions. Pending such uses, the Company plans to invest the net proceeds to the Company from this offering in investment grade, interest-bearing securities. See "Risk Factors--Substantial Portion of Net Proceeds Allocated for General Working Capital," and "Offering Related Transactions--Notes Payable to Principal Stockholders."

DIVIDEND POLICY

The Company intends to retain all future earnings in order to finance continued growth and development of its business and does not expect to pay any cash dividends with respect to its Common Stock in the foreseeable future. The Company expects that any future credit facility will limit or restrict the payment of dividends. The payment of any dividends will be at the discretion of the Company's Board of Directors and will depend upon, among other things, the availability of funds, future earnings, capital requirements, contractual restrictions, the general financial condition of the Company and general business conditions.

CAPITALIZATION

The following table sets forth the capitalization of the Company as of September 30, 1996 on (i) a historical basis, (ii) a pro forma basis to give effect to the Offering Related Transactions, and (iii) a pro forma as adjusted basis to give effect to the sale by the Company of 3,000,000 shares of Common Stock in this offering and the application of the estimated net proceeds therefrom. The capitalization of the Company should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Use of Proceeds," "Offering Related Transactions," and the Combined Financial Statements and notes thereto, included elsewhere in this Prospectus.

	SEPTEMBER 30, 1996		
	ACTUAL	PRO FORMA	PRO FORMA
	(unaudited, in thousands)		
			AS ADJUSTED
CASH AND CASH EQUIVALENTS.....	\$ 452	\$ 452	\$31,882
DEBT:			
Line of credit.....	\$ 886	\$ 886	--
Capital lease obligations.....	2,338	2,338	--
Payable to stockholders	711	711	--
Notes payable to Principal Stockholders..	--	5,509	--
Other debt.....	356	356	--
TOTAL DEBT.....	4,291	9,800	--
STOCKHOLDERS' EQUITY:			
Preferred stock, undesignated, par value \$.01 per share; 15,000,000 shares authorized, no shares issued and outstanding.....	--	--	--
Common stock, par value \$.01 per share; 95,000,000 shares authorized, _____ shares issued and outstanding, _____ shares issued and outstanding, as adjusted(a).....	1	1	31
Additional paid-in capital.....	2,908	--	41,320
Cumulative translation adjustment.....	1	1	1
Retained earnings.....	2,814	--	(120)
Note receivable - stockholder.....	(213)	--	--
TOTAL STOCKHOLDERS' EQUITY.....	5,511	2	41,232
TOTAL CAPITALIZATION.....	\$9,802	\$9,802	\$41,232

(a) Excludes 985,000 shares and 90,000 shares of Common Stock reserved for issuance under the Option Plan and the Director Option Plan, respectively, 705,000 shares of which will be subject to options to be granted on or prior to closing of this offering. See "Management--Compensation of Directors" and "Management--Stock Option Plan."

DILUTION

As of December 31, 1996, the Company had a pro forma net tangible book value of \$_____, or \$_____ per share of Common Stock, based upon _____ shares of Common Stock outstanding. Pro forma net tangible book value per share is determined by dividing the pro forma net tangible book value of the Company

(total tangible assets less total liabilities), giving effect to the Offering Related Transactions on such date, by the number of shares of Common Stock outstanding as of such date after giving effect to a _____ for one stock split of the Common Stock. After giving effect to the Offering Related Transactions, a _____ for one stock split of the Common Stock and the sale by the Company of the 3,000,000 shares of Common Stock offered by the Company hereby at an assumed initial public offering price of \$15.00 per share and application of the net proceeds therefrom, the Company's pro forma net tangible book value as of December 31, 1996 would have been \$_____, or \$_____ per share of Common Stock. This represents an immediate increase in pro forma net tangible book value of \$_____ per share to the Principal Stockholders and an immediate dilution in net tangible book value of \$_____ per share to new investors purchasing shares of Common Stock in this offering. The following table illustrates the per share dilution to the new investors:

Assumed initial public offering price per share...		\$15.00
Pro forma net tangible book value per share as of December 31, 1996.....	\$	-----
Increase in pro forma net tangible book value per share attributable to new investors.....		-----
Pro forma net tangible book value per share after giving effect to this offering.....		-----
Pro forma net tangible book value dilution per share to new investors.....	\$	-----

The following table sets forth as of December 31, 1996, on a pro forma basis, the number of shares purchased from the Company, the total consideration paid and the average price per share paid by the Principal Stockholders and new investors purchasing shares of Common Stock from the Company in this offering:

	SHARES PURCHASED		TOTAL CONSIDERATION		AVERAGE PRICE PER SHARE
	NUMBER	PERCENTAGE	AMOUNT	PERCENTAGE	
Principal Stockholders..	-----	. %	\$. %	\$.
New investors.....	3,000,000	.	45,000,000	.	.
Total.....	-----	100.0%	\$	100.0%	-----

The foregoing table excludes 985,000 shares and 90,000 shares reserved for issuance under the Option Plan and Director Option Plan, respectively. See "Management--Compensation of Directors" and "Management--Stock Option Plan."

SELECTED COMBINED FINANCIAL DATA

The following selected combined financial data for the years ended December 31, 1993, 1994 and 1995, and as of December 31, 1994 and 1995 have been derived from the combined financial statements of the Company, which have been audited by Ernst & Young LLP, included elsewhere in this

Prospectus. The selected combined financial data (i) for the year ended June 30, 1992 and the six months ended December 31, 1992, (ii) as of June 30, 1992, December 31, 1992 and 1993, and September 30, 1995 and 1996, and (iii) for the nine months ended September 30, 1995 and 1996, is unaudited. Interim results, in the opinion of management, include all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the financial information for such periods; however, such results are not necessarily indicative of the results which may be expected for any other interim period or for a full year. This information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Combined Financial Statements and notes thereto, included elsewhere in this Prospectus.

	YEAR	SIX MONTHS	YEARS ENDED DECEMBER 31,			NINE MONTHS ENDED	
	ENDED	ENDED	-----			-----	
	JUNE 30,	DECEMBER 31,	1993	1994	1995	1995	1996
	1992	1992	(in thousands, except per share amounts)				
STATEMENT OF OPERATIONS DATA:							
Revenues.....	\$16,791	\$11,880	\$23,044	\$26,341	\$41,509	\$23,793	\$44,806
Cost of services.....	13,273	9,779	18,039	21,355	33,230	18,674	35,974
Gross profit.....	3,518	2,101	5,005	4,986	8,279	5,119	8,832
Selling, general and administrative expenses.....	1,813	1,269	3,479	4,489	5,341	3,720	5,319
Operating profit.....	1,705	832	1,526	497	2,938	1,399	3,513
Net interest expense and other.....	87	8	193	216	396	264	302
Income before management fee expense and income taxes.....	1,618	824	1,333	281	2,542	1,135	3,211
Management fee expense.....	--	400	1,702	612	2,600	957	1,397
Income tax expense (benefit).....	587	(58)	--	--	--	--	112
Net income (loss).....	\$ 1,031	\$ 482	\$ (369)	\$ (331)	\$ (58)	\$ 178	\$ 1,702
PRO FORMA STATEMENT OF OPERATIONS DATA (UNAUDITED):							
Historical income before management fees and income taxes.....					\$ 2,542		\$ 3,211
Pro forma income taxes.....					948		1,198
Pro forma net income(a).....					\$ 1,594		\$ 2,013
Pro forma net income per share.....							
Pro forma shares outstanding.....							
SELECTED OPERATING DATA:							
Capital expenditures.....	\$ 136	\$ 153	\$ 1,239	\$ 670	\$ 2,105	\$ 459	\$ 581
Depreciation and amortization.....	149	79	456	588	873	606	938
BALANCE SHEET DATA (END OF PERIOD):							
Working capital.....	\$ 1,058	\$ 1,560	\$ 943	\$ 434	\$ 798	\$ 474	\$ 1,294
Total assets.....	4,032	6,614	7,712	12,352	21,580	14,094	17,167
Total debt.....	587	732	2,473	3,288	7,294	4,493	4,291
Total stockholders' equity.....	1,637	2,031	2,624	3,006	3,798	3,370	5,511

(a) The Company was a C corporation for federal and state income tax purposes through June 30, 1992. From and after July 1, 1992, the Company has been an S corporation and, accordingly, has not been subject to federal or state income taxes. Pro forma net income (i) reflects the elimination of management fee expense and (ii) includes a provision for federal, state and foreign income taxes at an effective rate of 37.3%. See "Offering Related Transactions."

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Combined Financial Statements and notes thereto, included elsewhere in this Prospectus.

OVERVIEW

The Company has grown profitably by developing integrated outsourced services that enable its clients to provide their customers with high-quality

services at lower costs than a client's own in-house operations. StarTek has continuously expanded its business and facilities to offer additional services in response to the growing needs of its clients and to capitalize on market opportunities both domestically and internationally. From 1993 to 1995, the Company's revenues and income before management fee expense and income taxes grew at compound annual growth rates of approximately 34.2% and 38.1%, respectively. For the nine months ended September 30, 1996, the Company's revenues increased approximately 88.3% to \$44.8 million from \$23.8 million for the nine months ended September 30, 1995. Income before management fee expense and income taxes increased approximately 182.9% to \$3.2 million from \$1.1 million during the same period. Management attributes this growth to the successful implementation of the Company's strategy of developing long-term strategic partnerships with large clients in targeted industries.

StarTek generates its revenues by providing integrated outsourced services throughout a product's life cycle, including product order teleservices, supplier management, product assembly and packaging, product distribution, product order fulfillment, and inbound customer care and technical support teleservices. The Company generally recognizes revenues as services are performed under each contract. Substantially all of the Company's significant arrangements with its clients for its services generate revenues based, in large part, on the number and duration of customer inquiries (subject to certain minimum monthly payments) and the volume, complexity and type of components involved in the handling of the client's products. Changes in the number or type of components in the product units assembled by the Company may have an effect on the Company's revenues, independent of the number of product units assembled.

A key element of the Company's ability to grow is the availability of capacity to respond quickly to the needs of new clients or the increased needs of existing clients. The Company's 138,000-square-foot facility in Denver, Colorado, which was initially occupied at the end of 1995, is approximately one-third utilized and can be expanded to accommodate additional outsourced services. Management also believes that it can expand significantly the capacity of its Greeley, Colorado and Hartlepool, England facilities.

The Company's cost of services primarily includes labor, telecommunications, materials and freight charges that are variable in nature, as well as certain facilities charges. Competitive vendor rates for materials, printing, compact disc duplication and packaging costs, together with competitive labor rates which comprise the majority of the Company's costs, have been and are expected to continue to be a key component of the Company's expenses. All other expenses, including expenses attributable to technology support, sales and marketing, human resource management and other administrative functions that are not allocable to specific client services, are recorded as selling, general and administrative ("SG&A") expenses. SG&A expenses tend to be either semi-variable or fixed in nature.

Since July 1992, the Company has operated as an S corporation and, accordingly, was not subject to federal or state income taxes. As an S corporation, the Company has historically paid certain management fees and bonuses to the Principal Stockholders, and/or their affiliates, for services rendered to the Company in amounts generally equal to the annual earnings of the Company, and all of such amounts (except for an annual amount equal to approximately \$540,000, which is accounted for as a portion of SG&A expenses) are reflected as management fee expense on its combined statement of operations. Upon receipt of such management fees and bonuses, the Principal Stockholders historically contributed approximately 53% of such amounts to the Company to provide the Company with necessary working capital, with a substantial portion of the balance used to pay applicable federal and state income taxes. The amounts so contributed are reflected in additional paid-in-capital on the Company's combined balance sheet. The Company has terminated this management fee and bonus arrangement effective as of December 31, 1996. From and

after January 1, 1997, no further management fees and bonuses will be payable to the Principal Stockholders, and/or their affiliates, that were previously reflected as management fee expense. After the closing of this offering, all salary, bonuses, advisory fees and other compensation paid by the Company to its executive officers will be reflected in SG&A expenses on the combined statement of operations. See "Management--Executive Compensation" and "Offering Related Transactions--Management Fees."

The S corporation status of the Company will terminate upon closing of this offering and, thereafter, the Company will be subject to federal and state income taxes. Pro forma net income (i) reflects elimination of management fee expense and (ii) includes a provision for federal, state and foreign income taxes at an effective rate of 37.3%.

Typically, the Company holds components and materials inventory pending product assembly, and finished goods inventory for brief periods pending shipment. The Company generally has the right to be reimbursed by the client for unused inventory.

The Company's business is highly seasonal. Certain of the Company's services related to product assembly and packaging are heavily utilized in the third and fourth quarters in preparation for the Christmas holiday season. Accordingly, the Company's revenues are typically higher in the third quarter than in the first and second quarter, and peak in the fourth quarter. In 1995, the percentage of the Company's revenues generated from the first to the fourth quarter were as follows: 19.2%, 14.8%, 23.3% and 42.7%, respectively.

QUARTERLY RESULTS

The following tables set forth certain unaudited statement of operations data for the quarters in the year ended December 31, 1995, and the nine months ended September 30, 1996. The unaudited quarterly information has been prepared on the same basis as the annual information and, in management's opinion, includes all adjustments to present fairly the information for the quarters presented.

	1995 QUARTERS ENDED				1996 QUARTERS ENDED		
	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31	MARCH 31	JUNE 30	SEPTEMBER 30
	(dollars in thousands)						
Revenues	\$7,984	\$6,126	\$9,683	\$17,716	\$15,219	\$14,108	\$15,479
Cost of services	6,380	4,758	7,536	14,556	12,655	11,121	12,198
Selling, general and administrative expenses	1,226	1,194	1,301	1,620	1,707	1,856	1,756
Operating profit	378	174	846	1,540	857	1,131	1,525
Net interest expense and other	58	105	100	133	125	108	69
Income before management fee expense and income taxes	320	69	746	1,407	732	1,023	1,456

The following table sets forth certain unaudited statement of operations data, expressed as a percentage of revenues.

	1995 QUARTERS ENDED				1996 QUARTERS ENDED		
	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31	MARCH 31	JUNE 30	SEPTEMBER 30
Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of services	79.9	77.7	77.8	82.2	83.2	78.8	78.8
Selling, general and administrative expenses	15.4	19.5	13.5	9.1	11.2	13.2	11.3
Operating profit	4.7	2.8	8.7	8.7	5.6	8.0	9.9
Net interest expense and other	0.7	1.7	1.0	0.8	0.8	0.8	0.5
Income before management fee expense and income taxes	4.0	1.1	7.7	7.9	4.8	7.2	9.4

The Company has experienced, and expects to experience in the future, quarterly variations in revenues and earnings as a result of a variety of factors, many of which are outside the Company's control, including (i) the seasonal pattern of certain of the businesses served by the Company; (ii) the timing of new projects; (iii) the expiration or termination of existing projects; (iv) the timing of increased expenses incurred to obtain and support new business; and (v) changes in the Company's revenue mix among the various services performed by the Company. See "Risk Factors--Variability of Quarterly Operating Results."

For the quarterly periods in 1995 and 1996, revenues fluctuated principally due to the seasonal pattern of certain of the businesses served by the Company, the mix of services performed for clients and the addition of new client programs. Revenues in the first quarter of 1996 as compared to the fourth quarter of 1995 declined principally due to the seasonal pattern of certain businesses serviced by the Company. Revenues in the second quarter of 1996 were higher than expected, as compared to prior seasonal patterns, due to increased activities for a significant new client in that quarter.

For the quarterly periods in 1995 and 1996, cost of services as a percentage of revenues fluctuated principally due to the mix of services performed for clients. Cost of services as a percentage of revenues was higher in the first quarter of 1996 as compared to the second quarter of 1996 due to product recall and rework costs incurred on a certain product assembled, packaged and distributed in Europe from the United Kingdom facility.

For the quarterly periods in 1995 and 1996, SG&A expenses as a percentage of revenues fluctuated principally due to the spreading of fixed and semi-variable costs over a revenue base that fluctuates quarter to quarter.

Operating profit and income before management fee expense and income taxes fluctuated within the quarterly periods of 1995 and 1996 based primarily on the factors noted above.

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, certain statement of operations data expressed as a percentage of revenues:

	YEARS ENDED DECEMBER 31,			NINE MONTHS ENDED SEPTEMBER 30,	
	1993	1994	1995	1995	1996
Revenues	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of services	78.3	81.1	80.1	78.5	80.3
Selling, general and administrative expenses	15.1	17.0	12.8	15.6	11.9
Operating profit	6.6	1.9	7.1	5.9	7.8
Net interest expense and other	0.8	0.8	1.0	1.1	0.6
Income before management fee expense and income taxes	5.8	1.1	6.1	4.8	7.2
Management fee expense	7.4	2.3	6.3	4.0	3.1
Income tax expense	--	--	--	--	0.3
Net income (loss)	(1.6)	(1.2)	(0.2)	0.8	3.8

NINE MONTHS ENDED SEPTEMBER 30, 1996 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 1995

REVENUES. Revenues increased \$21.0 million, or 88.3%, to \$44.8 million for the nine months ended September 30, 1996 from \$23.8 million for the nine months ended September 30, 1995. New clients accounted for \$9.4 million of this increase, primarily attributable to the addition of a significant new client in

April 1996, while existing clients accounted for the remaining \$11.6 million of this increase. Revenues for the first nine months of 1996 reflect the addition of the Denver facility, which opened at the end of 1995.

-22-

COST OF SERVICES. Cost of services increased \$17.3 million, or 92.6%, to \$36.0 million for the nine months ended September 30, 1996 from \$18.7 million for the nine months ended September 30, 1995. As a percentage of revenues, cost of services increased to 80.3% for the nine months ended September 30, 1996 from 78.5% for the nine months ended September 30, 1995. This change was primarily due to lower profit margins on services performed for a major client and product recall and rework costs incurred on certain product assembled, packaged and distributed in Europe from the United Kingdom facility.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. SG&A expenses increased \$1.6 million, or 43.0%, to \$5.3 million for the nine months ended September 30, 1996 from \$3.7 million for the nine months ended September 30, 1995. As a percentage of revenues, SG&A expenses decreased to 11.9% for the nine months ended September 30, 1996 from 15.6% for the nine months ended September 30, 1995, reflecting the spreading of fixed and semi-variable costs over a larger revenue base.

OPERATING PROFIT. As a result of the foregoing factors, operating profit increased \$2.1 million, or 151.1%, to \$3.5 million for the nine months ended September 30, 1996 from \$1.4 million for the nine months ended September 30, 1995. As a percentage of revenues, operating profit increased to 7.8% for the nine months ended September 30, 1996 from 5.9% for the nine months ended September 30, 1995.

NET INTEREST EXPENSE AND OTHER. Net interest expense and other remained relatively unchanged at \$0.3 million for the nine months ended September 30, 1996 and for the nine months ended September 30, 1995. As a percentage of revenues, net interest expense and other decreased to 0.6% for the nine months ended September 30, 1996 from 1.1% for the nine months ended September 30, 1995, reflecting lower outstanding borrowings relative to revenues of the Company.

INCOME BEFORE MANAGEMENT FEE EXPENSE AND INCOME TAXES. As a result of the foregoing factors, income before management fee expense and income taxes increased \$2.1 million, or 182.9%, to \$3.2 million for the nine months ended September 30, 1996 from \$1.1 million for the nine months ended September 30, 1995. As a percentage of revenues, income before management fee expense and income taxes increased to 7.2% for the nine months ended September 30, 1996 from 4.8% for the nine months ended September 30, 1995.

MANAGEMENT FEE EXPENSE. Management fee expense increased \$0.4 million, or 46.0%, to \$1.4 million for the nine months ended September 30, 1996 from \$1.0 million for the nine months ended September 30, 1995. As a percentage of revenues, management fee expense decreased to 3.1% for the nine months ended September 30, 1996 from 4.0% for the nine months ended September 30, 1995. Management fee expense was determined by the Board of Directors and related primarily to changes in operating profit of the Company. Effective December 31, 1996, the management fee and bonus arrangements previously reflected as management fee expense have been terminated and no further management fees will be payable by the Company.

INCOME TAX EXPENSE. The Company has operated as an S corporation for federal and state income tax purposes and, accordingly, was not subject to federal or state income taxes. The Company was, however, subject to certain foreign income taxes. A provision for foreign income taxes was made in the nine months ended September 30, 1996, as prior foreign loss carryovers had been fully utilized.

NET INCOME (LOSS). Based upon its S corporation status and the factors

discussed above, net income increased \$1.5 million, or 856.2%, to \$1.7 million for the nine months ended September 30, 1996 from \$0.2 million for the nine months ended September 30, 1995. As a percentage of revenues, net income increased to 3.8% for the nine months ended September 30, 1996 from 0.8% for the nine months ended September 30, 1995.

YEAR ENDED DECEMBER 31, 1995 COMPARED TO YEAR ENDED DECEMBER 31, 1994

REVENUES. Revenues increased \$15.2 million, or 57.6%, to \$41.5 million in 1995 from \$26.3 million in 1994. New clients accounted for \$6.1 million of this increase, while existing clients accounted for the remaining \$9.1 million of this increase.

-23-

COST OF SERVICES. Cost of services increased \$11.9 million, or 55.6%, to \$33.2 million in 1995 from \$21.4 million in 1994. As a percentage of revenues, cost of services decreased to 80.1% in 1995 from 81.1% in 1994. This change was primarily due to improvement in profit margins at the United Kingdom facility as productivity improved, and improvement in product fulfillment profit margins in domestic operations as improved product fulfillment systems were placed in service. As a result of technological changes in software distribution, the foregoing improvements were partially offset by lower profit margins realized from the switch by the Company's clients to lower-margin compact discs from higher-margin 3-1/2 inch floppy disks included in such clients' final products.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. SG&A expenses increased \$0.9 million, or 19.0%, to \$5.3 million in 1995 from \$4.5 million in 1994. As a percentage of revenues, SG&A expenses decreased to 12.8% in 1995 from 17.0% in 1994, reflecting the spreading of fixed and semi-variable costs over a larger revenue base.

OPERATING PROFIT. As a result of the foregoing factors, operating profit increased \$2.4 million, or 491.1%, to \$2.9 million in 1995 from \$0.5 million in 1994. As a percentage of revenues, operating profit increased to 7.1% in 1995 from 1.9% in 1994.

NET INTEREST EXPENSE AND OTHER. Net interest expense and other increased \$0.2 million, or 83.3%, to \$0.4 million in 1995 from \$0.2 million in 1994. As a percentage of revenues, net interest expense and other increased to 1.0% in 1995 from 0.8% in 1994, reflecting higher outstanding borrowings relative to revenues of the Company.

INCOME BEFORE MANAGEMENT FEE EXPENSE AND INCOME TAXES. As a result of the foregoing factors, income before management fee expense and income taxes increased \$2.3 million, or 804.6%, to \$2.5 million in 1995 from \$0.3 million in 1994. As a percentage of revenues, income before management fee expense and income taxes increased to 6.1% in 1995 from 1.1% in 1994.

MANAGEMENT FEE EXPENSE. Management fee expense increased \$2.0 million, or 324.8%, to \$2.6 million in 1995 from \$0.6 million in 1994. As a percentage of revenues, management fee expense increased to 6.3% in 1995 from 2.3% in 1994. Management fee expense was determined by the Board of Directors of the Company and related primarily to changes in operating profit of the Company. Effective December 31, 1996, the management fee and bonus arrangements previously reflected as management fee expense have been terminated and no further management fees will be payable by the Company.

NET INCOME (LOSS). Based upon the S corporation status of the Company and the factors discussed above, net loss decreased \$0.2 million, or 82.5%, to \$0.1 million in 1995 from \$0.3 million in 1994.

YEAR ENDED DECEMBER 31, 1994 COMPARED TO YEAR ENDED DECEMBER 31, 1993

REVENUES. Revenues increased \$3.3 million, or 14.3%, to \$26.3 million

in 1994 from \$23.0 million in 1993. New clients accounted for \$1.0 million of this increase, while existing clients accounted for the remaining \$2.3 million of this increase.

COST OF SERVICES. Cost of services increased \$3.3 million, or 18.4%, to \$21.4 million in 1994 from \$18.0 million in 1993. As a percentage of revenues, cost of services increased to 81.1% in 1994 from 78.3% in 1993. This change was primarily due to (i) lower profit margins realized by the Company as a result of technological changes in software distribution to lower-margin compact discs from higher-margin 3-1/2 inch floppy disks, included in the clients' final products, and (ii) increased direct labor costs to develop systems for certain product fulfillment services being introduced to clients. The foregoing factors, which increased cost of services as a percentage of revenues, were partially offset by lower costs of product packaging and assembly services resulting from higher product volumes.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. SG&A expenses increased \$1.0 million, or 29.0%, to \$4.5 million in 1994 from \$3.5 million in 1993. As a percentage of revenues, SG&A expenses increased to 17.0% in 1994 from 15.1% in 1993, primarily reflecting increased salary and wage costs to develop management infrastructure to service a greater volume of client activities. The increase in SG&A expenses as a percentage of revenues was partially offset by the spreading of fixed and semi-variable costs over a larger revenue base.

-24-

OPERATING PROFIT. As a result of the foregoing factors, operating profit decreased \$1.0 million, or 67.4%, to \$0.5 million in 1994 from \$1.5 million in 1993. As a percentage of revenues, operating profit decreased to 1.9% in 1994 from 6.6% in 1993.

NET INTEREST EXPENSE AND OTHER. Net interest expense and other remained relatively unchanged at \$0.2 million in 1994 and 1993. As a percentage of revenues, net interest expense and other remained relatively unchanged at 0.8% of revenues in 1994 and 1993.

INCOME BEFORE MANAGEMENT FEE EXPENSE AND INCOME TAXES. As a result of the foregoing factors, income before management fee expense and income taxes decreased \$1.0 million, or 78.9%, to \$0.3 million in 1994 from \$1.3 million in 1993. As a percentage of revenues, income before management fee expense and income taxes decreased to 1.1% in 1994 from 5.8% in 1993.

MANAGEMENT FEE EXPENSE. Management fee expense decreased \$1.1 million, or 64.0%, to \$0.6 million in 1994 from \$1.7 million in 1993. As a percentage of revenues, management fee expense decreased to 2.3% in 1994 from 7.4% in 1993. Management fee expense was determined by the Board of Directors and was related primarily to changes in operating profit of the Company. Effective December 31, 1996, the management fee and bonus arrangements previously reflected as management fee expenses have been terminated and no further management fees will be payable by the Company.

NET INCOME (LOSS). Based upon the S corporation status of the Company and the factors discussed above, net loss remained relatively unchanged at \$0.3 million in 1994 and 1993.

LIQUIDITY AND CAPITAL RESOURCES

Historically, the Company has funded its operations and capital expenditures primarily through cash flow from operations, borrowings under various lines of credit, capital lease arrangements, short-term borrowings from its stockholders and their affiliates, and additional capital contributions by its stockholders. The Company has a \$4.5 million revolving line of credit with Norwest Business Credit, Inc. (the "Bank"), which reduces to \$3.5 million on March 8, 1997, if not renewed, and which matures on June 30, 1999. Borrowings under the line of credit bear interest at the Bank's base rate, plus 1%. At

September 30, 1996, \$0.9 million of borrowings were outstanding under the line of credit, accruing interest at 9.25%. Borrowings under the line of credit have been used primarily for general corporate purposes. Outstanding borrowings will be repaid in full from net proceeds to the Company from this offering. See "Use of Proceeds."

The Company has entered into several capital leases with three to five year terms. At September 30, 1996, the outstanding lease obligations were \$2.3 million, accruing interest at rates ranging from 8.7% to 13.0%. At September 30, 1996, available additional borrowings under these arrangements were \$0.9 million. All outstanding capital lease obligations will be repaid in full from net proceeds to the Company from this offering. See "Use of Proceeds."

Net cash provided by operating activities increased to \$4.5 million for the nine months ended September 30, 1996 from \$0.4 million for the same period in the prior year. The principal causes of this increase were (i) an increase in net income and (ii) a decrease in accounts receivable, partially offset by a decrease in accounts payable. Net cash used in operating activities in 1995 was \$1.5 million as compared to \$0.4 million of net cash provided by operating activities in 1994. The principal cause of this decrease in net cash flow from operating activities between the periods was an increase in accounts receivable, partially offset by an increase in accounts payable.

Net cash used in investing activities was \$0.6 million for the nine months ended September 30, 1996 as compared to \$0.3 million of net cash provided by investing activities for the same period in the prior year. The principal cause for this decrease related to the collection of a note receivable - affiliate in 1995. During 1994 and 1995, the Company's net cash used in investing activities did not change significantly; however, the components of investing expenditures varied due to (i) the purchase of the Denver facility in October 1995, (ii) collections of notes receivable - affiliates and stockholders in 1995 and (iii) advances made to stockholders and affiliates in 1994.

-25-

Net cash used in financing activities increased to \$4.0 million for the nine months ended September 30, 1996 from \$0.5 million for the same period in the prior year. The principal causes for this increase were (i) increased payments of capital lease obligations, (ii) increased payments on bank borrowings in 1996 and (iii) payment of a note payable - affiliate, partially offset by proceeds from capital lease obligations. Net cash provided by financing activities increased to \$3.2 million in 1995 from \$1.1 million in 1994. The principal causes for this increase were (i) mortgage borrowings pertaining to the purchase of the Denver facility in 1995, (ii) an increase in borrowings from an affiliate in 1995 and (iii) an increase in bank borrowings and capital lease payments in 1995.

The principal sources of the Company's liquidity have been cash flow from operations, borrowings under the Company's line of credit, capital lease financing, borrowings from stockholders and their affiliates, and capital contributions from its stockholders. StarTek intends to use a portion of the net proceeds to the Company from this offering to repay all of its outstanding indebtedness and capitalized lease obligations. In conjunction with this offering, the Company expects to maintain a \$3.5 million credit facility. The credit facility is expected to contain covenants which restrict, to a certain extent, dividends, capital expenditures and loans to affiliates and stockholders, without prior written consent of the lender. The Company believes that cash flow from operations and net proceeds to the Company from this offering, together with available funds under a credit facility, will be sufficient to support its operations and capital expenditure and liquidity requirements for the next 12 months.

INFLATION AND GENERAL ECONOMIC CONDITIONS

Although the Company cannot accurately anticipate the effect of inflation on its operations, the Company does not believe that inflation has had, or is likely in the foreseeable future to have, a material effect on its results of operations or financial condition.

-26-

BUSINESS

GENERAL

StarTek is a leading international provider of integrated, value-added outsourced services primarily for Fortune 500 companies in targeted industries. The Company's integrated outsourced services encompass a wide spectrum of logistics management and customer-initiated ("inbound") teleservices throughout a product's life cycle, including product order teleservices, supplier management, product assembly and packaging, product distribution, product order fulfillment, and customer care and technical support teleservices. By focusing on these services as its core business, StarTek allows its clients to focus on their primary businesses, reduce overhead, replace fixed costs with variable costs and reduce working capital needs.

The Company has continuously expanded its business and facilities to offer additional services on an outsourced basis in response to the growing needs of its clients and to capitalize on market opportunities both domestically and internationally. StarTek operates from its Colorado facilities located in Denver and Greeley and from a facility located in Hartlepool, England. The Company also operates through a subcontract relationship in Singapore. For the nine months ended September 30, 1996, the Company's revenues increased approximately 88.3% to \$44.8 million from \$23.8 million for the nine months ended September 30, 1995. Income before management fee expense and income taxes increased approximately 182.9% to \$3.2 million from \$1.1 million during the same period.

StarTek's goal is to grow profitably by focusing on providing high-quality integrated, value-added outsourced services. StarTek has a strategic partnership philosophy, through which the Company assesses each of its client's needs and, together with the client, develops and implements customized outsourcing solutions. Management believes that its entrepreneurial culture, long-term relationships with clients and suppliers, efficient operations, dedication to quality and use of advanced technology and management techniques provide StarTek a competitive advantage in attracting and retaining clients that outsource non-core operations. Three of the Company's top four clients have utilized its outsourced services for more than five years and the fourth client initiated services with the Company in April 1996.

StarTek has focused primarily on the computer software, computer hardware, electronics, telecommunications and other technology-related industries because of their rapid growth, complex and evolving product offerings and large customer bases, which require frequent, often sophisticated, customer interaction. Management believes that there are substantial opportunities to cross-sell StarTek's wide spectrum of outsourced services to its existing base of approximately 100 clients, which includes Broderbund Software, Inc., Electronic Arts, Inc., Federal Express Corporation, Hewlett Packard, Microsoft, Polaroid Corporation, Simon & Schuster, Inc., Sony Electronics, Inc., The 3DO Company, and Viacom International, Inc. The Company intends to capitalize on the increasing trend toward outsourcing by targeting potential clients in other industries, including health care, financial services, transportation services and consumer products, which could benefit from the Company's expertise in

developing and delivering integrated, cost-effective outsourced services.

STARTEK'S INTEGRATED SERVICES

The Company's interaction with a client's customers may begin with an inbound call or message via the Internet requesting information or placing an order for the client's product. A StarTek service representative takes the order, and if the Company manages the client's inventory, the Company packs and ships the order. If the Company does not manage the client's inventory, the Company transmits the customer's request directly to the client. In the event the Company manages the client's inventory, the Company may receive finished goods directly from a client or the Company may manage the production process on an outsourced basis, following product specifications provided by the client. In the latter case, the Company selects and contracts with the necessary suppliers and performs all tasks necessary to assemble and package the finished product, which may be held by the Company pending receipt of customer orders or shipped in bulk to distributors or retail outlets.

The Company's clients typically provide their customers with telephone numbers for product questions and technical support. Calls are routed to StarTek customer care or technical support service representatives who have been trained

-27-

to support specific products. That request also may lead to an order for another product or service offered by the client, in which case the Company takes the order and the cycle may begin again. StarTek's clients may utilize one or more of the Company's outsourced services.

BUSINESS STRATEGY

StarTek's strategic objective is to increase revenues and earnings by maintaining and enhancing its position as a leading international provider of integrated value-added outsourced services. To reach this objective, the Company intends to:

PROVIDE INTEGRATED OUTSOURCED SERVICES. StarTek seeks to provide integrated outsourced services which enable its clients to provide their customers with high-quality services at lower cost than through a client's own in-house operations. The Company believes that its ability to tailor operations, materials and employee resources objectively and to provide integrated, value-added outsourced services on a cost-effective basis will allow the Company to become an integral part of its clients' businesses.

DEVELOP STRATEGIC PARTNERSHIPS AND LONG-TERM RELATIONSHIPS. StarTek seeks to develop long-term client relationships, primarily with Fortune 500 companies in targeted industries. The Company invests significant resources to establish strategic partnership relationships and to understand each client's processes, culture, decision parameters and goals, so as to develop and implement customized solutions. The Company believes that this solution-oriented, value-added integrated approach to addressing its clients' needs distinguishes StarTek from its competitors and plays a key role in the Company's ability to attract and retain clients on a long-term basis.

MAINTAIN LOW-COST POSITION THROUGH MODERN PROCESS MANAGEMENT. StarTek strives to establish a competitive advantage by frequently redefining its operational processes to reduce costs and improve quality. StarTek's continuous improvement philosophy and modern process management techniques enable the Company to reduce waste and increase efficiency in the following areas: (i) controlling overproduction; (ii) minimizing waiting time due to inefficient work sequences; (iii) reducing inessential handling of materials; (iv) eliminating nonessential movement and processing; (v) implementing fail-safe processes; (vi) improving inventory management; and (vii) preventing defects.

EMPHASIZE QUALITY. StarTek strives to achieve the highest quality

standards in the industry. To this end, the Company has received ISO 9002 certification, an international standard for quality assurance and consistency in operating procedures, for all of its domestic facilities and services, and expects to receive ISO 9002 certification for its United Kingdom facility in mid-1997. Certain of the Company's existing clients require evidence of ISO 9002 certification, and the Company anticipates that many potential clients may require ISO 9002 certification prior to selecting an outsourcing provider.

CAPITALIZE ON SOPHISTICATED TECHNOLOGY. The Company believes it has established a competitive advantage by capitalizing on sophisticated technology and proprietary software, including automatic call distributors, inventory management software, transportation management software, call tracking systems and telephone-computer integration software. These capabilities enable StarTek to improve efficiency, serve as a transparent extension of its clients, receive telephone calls and data directly from its clients' systems, and report detailed information concerning the status and results of the Company's services and interaction with clients on a daily basis.

GROWTH STRATEGY

The Company's growth strategy is designed to capitalize on the increasing demand for outsourced services and improve and expand StarTek's position as an international provider of integrated value-added outsourced services. This strategy includes the following key elements:

INCREASE CAPACITY. Management believes that as a provider of outsourced services it must be ready to serve its clients in periods of peak demand for its clients' products or services. Accordingly, the Company intends to continue to increase product handling and teleservice workstation capacity to meet anticipated demand for the Company's outsourced services. During 1996, the Company increased its teleservice workstations by 54.6%, to 558 from 361.

-28-

In addition, the Company reengineered and expanded its primary product handling facility to increase its daily capacity by 200.0%, to 180,000 units from 60,000 units for certain types of products.

CROSS-SELL SERVICES TO EXISTING CLIENTS. Management believes there are substantial opportunities to cross-sell its wide spectrum of outsourced services to other divisions or operations within its existing clients' organizations. StarTek capitalizes on its relationships and comprehensive understanding of its clients' businesses to identify additional divisions and areas where the Company could provide its services. For example, the Company's two oldest current client relationships, which began in 1987 and 1988 utilizing only one service each, today utilize substantially all of the Company's outsourced services. Management further believes that its ability to provide integrated solutions helps the Company to create strategic partnership relationships and gives the Company a competitive advantage to be selected as the service provider of choice.

EXPAND CLIENT BASE. The Company intends to capitalize on its low-cost position and extensive offering of services to penetrate further the industries which the Company currently serves and to seek clients in other industries. Management believes that there are several additional industries, including health care, financial services, transportation services and consumer products, which provide significant market opportunities to the Company. To facilitate the Company's anticipated growth, the Company increased its sales force to eight full-time professionals as of the date of this Prospectus, from four at the end of 1996.

INCREASE INTERNATIONAL OPERATIONS. The Company currently conducts business in North America, Europe and Asia. Management believes that many of the trends leading to the growth of outsourced services in the United States are occurring in international markets as well. Management also believes that many companies,

including several of its existing multinational clients, are seeking outsourced services on an international basis. To capitalize on these international opportunities, the Company intends to expand its international operations.

DEVELOP NEW SERVICES. Management believes that the trend toward outsourcing and rapid technological advances will result in new products and types of customer interactions which will create opportunities for the Company to provide additional outsourced services. StarTek intends to capitalize upon its strategic long-term relationships to provide new outsourced services to its clients as opportunities arise.

ACQUIRE COMPLEMENTARY COMPANIES AND EXPAND STRATEGIC ALLIANCES. StarTek intends to evaluate the acquisition of complementary companies that could extend its presence into new geographic markets or industries, expand its client base, add new product or service applications and/or provide operating synergies. Management believes that there could be many domestic and international acquisition and strategic alliance opportunities as companies consider selling their existing in-house operations and as smaller companies seek growth capital and economies of scale to remain competitive.

SERVICES

The Company offers a wide spectrum of outsourced services throughout a product's life cycle, designed to provide cost-effective and efficient management of the ancillary operations of its clients. The Company works closely with its clients to develop, refine and implement efficient and productive integrated outsourced solutions that link StarTek with such clients and their customers. The processes that create such solutions generally include the development of product manufacturing specifications, packaging and distribution requirements, as well as product-related software programs for telephone, facsimile, e-mail and Internet interactions involving product order fulfillment, customer care and technical support. Substantially all of the Company's teleservice activities are inbound telephone calls, rather than outbound calls. Specific services that StarTek provides to its clients include the following:

PRODUCT ORDER TELESERVICES. Product order teleservices is generally the process by which a call from a client's customer is received, identified and routed to a StarTek service representative. Typically, a customer calls to request product service information, to place an order for an advertised product or to obtain assistance regarding a previous order or purchase. The information and results of the call are then communicated either to StarTek's employees for order processing and fulfillment or, if StarTek does not manage the client's inventory, the Company transmits the customer's request directly to the client. To properly handle these and other teleservices, StarTek utilizes automated call distributors to identify each inbound call by the number dialed by the customer and immediately route the call to

-29-

a StarTek service representative trained for that product. Product orders also occur as a result of a StarTek service representative offering products in connection with a customer care or technical support call. To facilitate product orders, the Company can process credit card charges and other payment methods in connection with its product order teleservices.

SUPPLIER MANAGEMENT. Company personnel are responsible for maintaining and managing multiple supplier relationships. When the Company is selected by a client to provide product assembly and packaging services, the Company qualifies, selects, certifies and manages the sourcing and manufacturing of the various products and related components including, among other things, the printing of boxes, labels, manuals and other printed materials to be included with the client's product and the mass duplication of software onto various media. Such product and related components are then assembled and packaged at the Company's facilities. The Company monitors the quality of its suppliers

through visits to manufacturing facilities and utilizes just-in-time production to minimize inventory in the Company's warehouses. Management believes that the Company's strong, long-term relationships with multiple suppliers allows the Company to be flexible and responsive to its clients, while minimizing costs and the Company's dependency on any single supplier.

PRODUCT ASSEMBLY AND PACKAGING. The Company assembles and packages products in various containers, including folding cartons, set-up boxes, compact disc jewel cases, digi-packs, binders and slip cases. The Company assembles and packages products in the United States, the United Kingdom and Singapore and has a global capacity of approximately 400,000 units per day, which capacity varies depending on the size and complexity of the product. The Company's assembly lines have been designed with significant flexibility, enabling the Company to assemble and package various types of products and rapidly change the type of product produced. During peak periods of operations, the Company's capacity is dependent upon (i) the complexity of the product to be assembled; (ii) the availability of materials from suppliers; (iii) the availability of temporary personnel to increase capacity; (iv) the number of shifts operated by the Company; and (v) the ability to activate additional production lines. During peak periods, the Company has expanded assembly production to approximately four times the output of slower periods.

PRODUCT DISTRIBUTION. The Company's sophisticated inventory management systems enable the Company to ship and track products to distribution centers, to individual stores and to its clients' customers directly. Product orders are received by the Company via file transfer protocol (FTP), the Internet, electronic data interchange (EDI) and facsimile, as well as through the Company's product order teleservices described above.

PRODUCT ORDER FULFILLMENT. StarTek personnel process, pack and ship product orders and requests for promotional and educational literature, and direct customers of the Company's clients to product or service sources ("fulfillment") by telephone, e-mail, facsimile and the Internet, 24 hours per day, seven days per week. The Company provides same-day shipping of customer orders if the product is available.

CUSTOMER CARE TELESERVICES. Customer care programs are customized by the Company to meet its clients' needs. The Company customizes responses to various customer product inquiries by designing special greetings, marketing messages and specific queue-time controls. A StarTek service representative receiving a call can enter customer information into the Company's call-tracking system, listen to a question, and quickly access a proprietary networked database via personal computer to locate an answer to a customer's question. A senior quality control team member is available to provide additional assistance for complex or first-time customer questions. As additional product information becomes available, the Company promptly integrates such information into its database, thereby ensuring that answers are based upon the latest product information.

Each customer interaction presents the Company and its clients with an opportunity to gather valuable customer information, including the customer's demographic profile and preferences. This information can prompt the StarTek service representative to make logical, progressive inquiries about the customer's interest in additional products and services, identify additional revenue generating and cross-selling opportunities, or resolve other issues relating to a client's products or services.

TECHNICAL SUPPORT TELESERVICES. StarTek service representatives provide technical support services by telephone, e-mail, facsimile and the Internet, 24 hours per day, seven days per week. Technical support inquiries are generally

driven by a customer's purchase of a product or by a customer's need for ongoing

technical assistance. Customers of StarTek's clients dial a technical support number listed in their product manuals and, based on touch-tone responses, are automatically connected to an appropriate StarTek service representative who is specially trained in the applicable product. Each StarTek service representative acts as a transparent extension of its clients when resolving complaints, diagnosing and resolving product or service problems, or answering technical questions.

INTERNATIONAL OPERATIONS

StarTek provides its outsourced services on an international basis from the United Kingdom and Singapore. The Company's facility in the United Kingdom provides the full range of the Company's outsourced services for clients throughout Europe, including inbound product order, customer care and technical support teleservices in five languages. The Company currently provides supplier management, product assembly and packaging and product distribution for one of its major clients through a subcontract relationship with a company in Singapore. This subcontract relationship operates on a purchase order basis.

CLIENTS

StarTek provided services to approximately 100 clients in North America, Europe and Asia during 1996. StarTek's clients include companies engaged primarily in the computer software, computer hardware, electronics, communications and other technology-related industries. Approximately 39.3% and 32.9% of the Company's revenues in 1996 were attributable to Hewlett Packard and Microsoft, respectively. Hewlett Packard and Microsoft began their outsourcing relationships with the Company in 1987 and April 1996, respectively. Based upon 1996 revenues, StarTek's ten largest clients, listed alphabetically, were:

Broderbund Software, Inc.	Polaroid Corporation
Electronic Arts, Inc.	Simon & Schuster, Inc.
Federal Express Corporation	Sony Electronics, Inc.
Hewlett-Packard Company	The 3DO Company
Microsoft Corporation	Viacom International, Inc.

The Company typically enters into a written agreement with each client for outsourced services or performs services on a purchase order basis. See "Risk Factors--Risks Associated with the Company's Contracts."

SALES AND MARKETING

The Company's marketing objective is to develop long-term relationships with existing and potential clients to become the preferred worldwide vendor of outsourced services. StarTek invests significant resources to create a strategic partnership relationship with its clients to understand their existing operations, customer service processes, culture, decision parameters and goals. A StarTek team assesses the client's outsourcing service needs, and, together with the client, develops and implements customized solutions. Management believes that, as a result of StarTek's strategic relationship with its clients and comprehensive understanding of their businesses, the Company can identify new revenue generating opportunities, customer interaction possibilities and product service improvements not adequately addressed by the client. The Company's sales strategy emphasizes multiple contacts with a client to strengthen its relationship and facilitate the cross-selling of services.

StarTek markets its outsourced services through a variety of methods, including personal sales calls, client referrals, attendance at trade shows, advertisements in industry publications, and the cross-selling of services to existing clients. In order to enhance its marketing efforts, the Company increased its sales force to eight full-time professionals as of the date of this Prospectus, from four at the end of 1996. As part of its marketing efforts, the Company encourages visits to its facilities, where the Company demonstrates its services, quality procedures and ability to accommodate additional business.

Management believes a key element to sales growth is the ability to flexibly, effectively and efficiently expand service capacity to meet client

needs as its clients grow or outsource more of their non-core operations to the Company. In addition, to attract new clients to StarTek's services, the Company must have the resources to promptly develop a

-31-

strategy to meet a new client's outsourcing goals, as well as the ability to implement operations for such client quickly and accurately. In order to achieve these goals, the Company currently maintains a level of excess capacity to expand its operations as necessary to meet increased client demand.

TECHNOLOGY

The Company employs sophisticated technology and proprietary software that incorporates digital switching, relational database management systems, call tracking systems, workforce management systems, object-oriented software modules and telephone-computer integration. The Company's digital switching technology enables calls to be routed to the next available teleservice representative with the appropriate product knowledge, skill and language abilities. Call tracking and workforce management systems generate and track historical call volumes by client, enabling the Company to schedule personnel efficiently, anticipate fluctuations in call volume and provide clients with detailed information concerning the status and results of the Company's services on a daily basis. Management believes that the Company's proprietary technology platform provides the Company with a competitive advantage in maintaining existing clients and attracting new clients. A portion of the net proceeds of this offering allocated for working capital and general corporate purposes will be used by the Company to enhance its existing telecommunications equipment and computer and software systems. See "Use of Proceeds."

EMPLOYEES AND TRAINING

StarTek's success in recruiting, hiring, and training large numbers of full-time, skilled employees and obtaining large numbers of hourly employees during peak periods for product assembly, packaging and distribution services is critical to the Company's ability to provide high quality outsourced services. To maintain good employee relations and to minimize turnover, the Company offers competitive pay, hires primarily full-time employees who are eligible to receive the full range of employee benefits, and provides employees with clear, visible career paths. As of December 31, 1996, the Company had 811 employees, of which approximately 95% were full-time. The number of temporary employees varies significantly during the year due to the seasonal variations of the Company's business. Management believes that the demographics surrounding its facilities, and its reputation, stability and compensation plans should allow the Company to continue to attract and retain qualified employees. The Company considers its employee relations to be good. See "Risk Factors--Dependence on Labor Force."

In keeping with StarTek's continuous improvement philosophy, the Company is committed to training all of its employees. StarTek provides formal training for senior management, supervisors, process managers, quality coordinators, and teleservice representatives. StarTek also maintains an employee quality program to backup every employee, including specialized quality coordinators who teach problem solving, assist with teleservice calls and offer immediate performance feedback. On a more informal basis, the Company provides on-the-job process training and tutoring for all logistics personnel. Employee teams gather daily to receive information about products to be produced and techniques to be utilized, and have an opportunity to ask questions and receive one-on-one training, as necessary.

The Company's in-house training program for customer care and technical support teleservicing employees is founded on an in-depth, structured learning environment that builds technical competence and teaches critical software skills necessary to provide effective customer care and technical support teleservices. Each teleservice representative is specially designated and trained to support a particular product or group of products for a particular client. A teleservice representative receives training in product knowledge,

call listening, and computer skills prior to answering any customer calls independently. This training time depends on the complexity of the product for which such representative will provide teleservices. Further, the Company uses live and taped call reviews and customer feedback surveys to continue to monitor and enhance its level of customer support services.

INDUSTRY AND COMPETITION

With the goal of focusing on their core businesses, companies are increasingly turning to outsourced service companies to perform specialized functions and services. Outsourcing of non-core activities offers a strategic advantage to companies in a wide range of industries by offering them an opportunity to reduce operating costs and working capital needs, improve their reaction to business cycles, manage capacity and improve customer and technical information gathering and utilization. To realize these advantages, companies are outsourcing the process of planning, implementing

-32-

and controlling the efficient flow of goods, services, teleservices and related information from the point of origin to the point of consumption. Additionally, rapid technological changes and rising customer expectations for high-quality goods and services make it increasingly difficult and expensive for companies to maintain the necessary personnel and product capabilities in-house to support a product's life cycle on a cost-effective basis. Companies which focus on providing these services as their core business, including StarTek, are expected to continue to benefit from these outsourcing trends.

StarTek competes on the basis of quality, reliability of service, price, efficiency, speed and flexibility in tailoring services to client needs. Management believes its comprehensive and integrated services differentiate it from its non-client competitors who may only be able to provide one or a few of the outsourced services that StarTek provides. The Company continuously explores new outsourcing service opportunities, typically in circumstances where clients are experiencing inefficiencies in non-core areas of their businesses and management believes it can develop a superior outsourced solution to such inefficiency on a cost-effective basis. Management believes that it competes primarily with the in-house teleservice, customer service and logistics management operations of its current and potential clients. StarTek also competes with certain companies that provide similar services on an outsourced basis including, APAC Teleservices, Inc., Kao Corporation, Logistix Corporation, MATRIX Marketing Inc., National TechTeam, Inc., Precision Response Corp., SITEL Corporation, Stream International Inc., Sykes Enterprises Incorporated, TeleTech Holdings, Inc. and West Teleservices Corporation. In addition, there are numerous competitors of all sizes that provide product order teleservices and product fulfillment distribution services.

FACILITIES

StarTek's facilities include a Company-owned 138,000-square-foot building in Denver, Colorado (which also contains the Company's executive offices), and a 100,000-square-foot Company-owned building and a 10,500-square-foot Company-owned building, both located in Greeley, Colorado. StarTek performs its international outsourced services from a leased 53,000-square-foot building in Hartlepool, County Durham on the northeast coast of England. In Asia, the Company utilizes a subcontractor that operates from a 25,000-square-foot facility located in Singapore.

Of the Company's 558 teleservice workstations in the United States as of December 31, 1996, 270 were located in the Denver building (which has space to expand to approximately 1250 workstations) and 288 were located in the Greeley buildings. The Company's other outsourced services in the United States primarily operate from the Company's Greeley facilities. The Company's United Kingdom facility provides space for each of the Company's outsourced services and the Company's subcontractor in Singapore provides space for the Company's

supplier management, product assembly and packaging and product distribution services. Management believes that its existing facilities are adequate for its current operations, but that additional facility capacity will be required to support continued growth. The Company intends to use a portion of the net proceeds to the Company from this offering to expand its existing facilities. See "Use of Proceeds."

INTELLECTUAL PROPERTY

The Company owns the servicemarks "StarTek" and "StarPak," and intends to file for federal registration of these servicemarks prior to closing this offering. Due to the common use of identical or phonetically similar servicemarks by other companies in different businesses, there can be no assurance that the United States Patent and Trademark Office will grant the Company registration of its servicemarks, or that such servicemarks will not be challenged by other users. The Company does not believe that it owns or utilizes any other servicemarks that are material to its business. The Company's operations, however, frequently incorporate proprietary and confidential information. In accordance with industry practice, the Company relies upon a combination of contract provisions and trade secret laws to protect the proprietary technology it uses and to deter misappropriation of its proprietary rights and trade secrets.

LEGAL PROCEEDINGS

The Company has been involved from time to time in litigation arising in the normal course of business, none of which is expected by management to have a material adverse effect on the business, financial condition or results of operations of the Company.

-33-

MANAGEMENT

DIRECTORS AND EXECUTIVE OFFICERS

The Company's directors and executive officers are as follows:

NAME	AGE	POSITION
A. Emmet Stephenson, Jr.	51	Chairman of the Board and Director
Michael W. Morgan	36	President, Chief Executive Officer and Director
Dennis M. Swenson	61	Executive Vice President, Chief Financial Officer, Secretary and Treasurer
Thomas O. Ryder	52	Director
Ed Zschau	57	Director

A. EMMET STEPHENSON, JR. co-founded the Company in 1987 and has served as Chairman of the Board of the Company since its formation. Mr. Stephenson has also served as President of Stephenson and Company, a private investment firm in Denver, Colorado, for more than five years. Mr. Stephenson is a director of Danaher Corporation and serves on the Advisory Boards of First Berkshire Fund and Capital Resource Partners, L.P.

MICHAEL W. MORGAN co-founded the Company in 1987 and has held managerial positions in companies providing outsourced services since 1984. Mr. Morgan has served as President and Chief Executive Officer of the Company since May 1990 and has served as a Director of the Company since January 1997.

DENNIS M. SWENSON has served as Chief Financial Officer of the Company since October 1995 and as Executive Vice President since October 1996. From October 1991 to September 1995, Mr. Swenson was an independent financial consultant. Mr. Swenson was a partner of Ernst & Young LLP from 1973 until 1991.

THOMAS O. RYDER has served as a Director of the Company since January 1997. He has been President of Travel Related Services International for American Express TRS Company, Inc. since October 1995. Mr. Ryder has also been Chairman of the Board of American Express Publishing Corporation since December 1991. From February 1992 through October 1995, he served as President of American Express Establishment Services Worldwide. From January 1988 through February 1992, Mr. Ryder served as President of Direct Marketing Group, which included American Express Merchandise Services, American Express Publishing Corporation and Epsilon Data Management Corporation. He is a director of Club Mediterranee.

ED ZSCHAU has served as a Director of the Company since January 1997. He has been a Senior Lecturer of Business Administration at Harvard University since February 1996. From April 1993 to July 1995, Mr. Zschau was General Manager, Storage System Division at IBM Corporation. From July 1988 to April 1993, he was Chairman and Chief Executive Officer of Censtor Corp., a company that researches and develops magnetic recording components for disk drives. Mr. Zschau is a director of Indentix, Inc., GenRad, Inc. and Censtor Corp.

The executive officers of the Company serve at the discretion of its Board of Directors. Directors of the Company hold office until the next annual meeting of the Company's stockholders and until their successors have been duly elected and qualified or until their earlier resignation, removal from office or death.

-34-

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors established a compensation committee and an audit committee of its Board of Directors in January 1997.

COMPENSATION COMMITTEE. The Compensation Committee, which consists of Messrs. Stephenson, Ryder and Zschau, will determine the compensation to be paid to all executive officers of the Company. The current executive officer salaries were set by the Board of Directors prior to establishment of the Compensation Committee.

AUDIT COMMITTEE. The Audit Committee, which is comprised of Messrs. Ryder and Zschau, the Company's two independent directors, will be responsible to make recommendations concerning the engagement of independent public accountants, review with the independent public accountants the plans and results of the audit engagement, approve professional services provided by the independent public accountants, review independence of the independent public accountants, consider the range of audit and non-audit fees and review the adequacy of the Company's internal accounting controls and financial management practices.

COMPENSATION OF DIRECTORS

StarTek does not pay its directors any cash compensation for their services as directors. Directors will be reimbursed for expenses incurred in connection with meetings of the Board of Directors or committees thereof.

The Company has adopted the Director Option Plan, which provides for an automatic initial grant and an annual grant to each director who is not an employee or officer of the Company (a "non-employee director") of options to acquire shares of Common Stock. A total of 90,000 shares of Common Stock have been reserved for issuance pursuant to options granted under the Director Option Plan. All options granted under the Director Option Plan will be non-qualified options that are not intended to qualify under Section 422 of the Code.

The Director Option Plan provides that each non-employee director will receive (i) options to acquire 10,000 shares of Common Stock upon the later of the closing of an initial public offering of Common Stock or such director's initial election to the Board of Directors and (ii) options to acquire 3,000 shares of Common Stock on the date of each annual meeting of stockholders thereafter at which such director is reelected. The exercise price of each option granted under the Director Option Plan will equal the fair market value of the Common Stock on the date of grant. Options granted under the Director Option Plan will (a) vest immediately and (b) expire on the earliest to occur of the tenth anniversary of the date of grant, one year following the director's death or immediately upon the director's termination of membership on the Board of Directors for "cause" (as defined in the Director Option Plan).

The Company has granted Thomas O. Ryder and Ed Zschau options to acquire 10,000 shares of Common Stock each, at an exercise price per share equal to the initial public offering price, pursuant to the terms of the Directors Option Plan.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During the year ended December 31, 1996, the Company did not have a Compensation Committee of its Board of Directors, or other board committee performing equivalent functions. Decisions concerning the compensation of executive officers were made by the Board of Directors of each of the operating subsidiaries of the Company. Except for A. Emmet Stephenson, Jr., there are no officers or employees of the Company who participated in deliberations concerning such compensation matters.

EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE. The following table sets forth certain information concerning the compensation paid by the Company to the Chief Executive Officer. No other executive officer of the Company earned or was paid compensation of more than \$100,000 for the year ended December 31, 1996. See "Certain Relationships and Related Party Transactions." The Company does not have a pension plan or a long-term incentive plan, has not issued any restricted stock awards and did not grant any stock options during its most recent fiscal year.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	1996 ANNUAL COMPENSATION	
	SALARY	BONUS
Michael W. Morgan President and Chief Executive Officer	\$271,059 (a)	\$666,893 (b)

(a) Mr. Morgan's base salary is and following this offering will continue to be \$271,059, subject to modification by the Compensation Committee.

(b) Includes \$643,754 of bonus, which arrangement was terminated effective December 31, 1996. Of the \$643,754, Mr. Morgan recontributed \$337,971 to the Company as additional capital. Substantially all of the balance was used by Mr. Morgan to pay applicable federal and state income taxes on S corporation earnings of the Company allocable to Mr. Morgan. See "Offering Related Transactions--Termination of S Corporation Status" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Historically, the Company has paid an annual management fee of approximately \$200,000 to A. Emmet Stephenson, Jr., Inc., which is wholly-owned by A. Emmet Stephenson, Jr., Chairman of the Board of the Company, for services rendered by Mr. Stephenson to the Company. Effective as of January 1, 1997, the Company will pay an annual advisory fee of \$245,000 to A. Emmet Stephenson, Jr., Inc.

Effective as of January 1, 1997, the Company will pay Dennis M. Swenson, Executive Vice President and Chief Financial Officer of the Company, an annual base salary of \$126,000.

STOCK OPTION PLAN

On or prior to closing of this offering, the Company intends to adopt the StarTek, Inc. Stock Option Plan (the "Option Plan"). The Option Plan will authorize the issuance of up to 985,000 shares of Common Stock through the grant of (i) incentive stock options ("ISOs") within the meaning of Section 422 of the Code, (ii) stock options that are not intended to qualify under Section 422 of the Code ("NSOs" and together with ISOs, "Options"), and (iii) stock appreciation rights ("SARs"). Directors (other than non-employee directors), officers, employees, consultants and independent contractors of the Company or any subsidiary of the Company, as selected from time to time by the committee administering the Option Plan, will be eligible to participate in the Option Plan.

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

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

-36-

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

STOCK APPRECIATION RIGHTS. SARs may be issued only in connection with an NSO (a "Tandem SAR"), in which case the Tandem SAR terminates simultaneously upon the expiration of the related NSO. A Tandem SAR will be exercisable only if the fair market value of a share of Common Stock exceeds the exercise price of the related NSO.

The Committee intends to grant to employees of the Company, on or prior to closing of this offering, ISOs to purchase 685,000 shares of Common Stock, at an exercise price per share equal to the initial public offering price. The foregoing Options will have a term of ten years and will vest 20% per year for a five-year period commencing on the first anniversary of closing this offering.

-37-

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

MANAGEMENT FEES

For the years ended December 31, 1994, 1995 and 1996, the Company paid management fees of \$737,235, \$2,526,122 and \$5,728,381, respectively (approximately \$200,000 of which has been included in SG&A expense for financial statement purposes for each of the relevant years), to A. Emmet Stephenson, Jr., Inc., a Colorado corporation, which is wholly-owned by A. Emmet Stephenson, Jr., Chairman of the Board of the Company and a Principal Stockholder. Mr. Stephenson and Toni E. Stephenson, his spouse and a Principal Stockholder, made capital contributions to the Company equal to approximately 53% of such management fees, with a substantial portion of the remainder being used to pay applicable federal and state income taxes on such fees. The Company has terminated the management fee arrangement effective as of December 31, 1996. Effective January 1, 1997, the Company will pay an annual advisory fee of \$245,000 to A. Emmet Stephenson, Jr., Inc.

REAL PROPERTY

The Company leased office space at 100 Garfield Street, Denver, Colorado, from Stephenson Properties, a partnership (the "Lessor") in which A. Emmet Stephenson, Jr., the Company's Chairman of the Board and a Principal Stockholder, and Toni E. Stephenson, a Principal Stockholder, are general partners. The total annual lease payments for 1994, 1995 and 1996 made to the Lessor by the Company were \$70,000 each year. This office lease was terminated effective December 31, 1996.

LOANS

In 1994, StarPak, Inc. loaned an aggregate amount of \$663,484 to its stockholders, with interest at 8.5% per annum. These notes were refinanced annually and repaid by the stockholders in full on November 22, 1996. After receipt of such loan proceeds in 1994, the stockholders of StarPak, Inc. loaned \$663,494 to StarPak International, Ltd., with interest at 8.5% per annum, for working capital purposes. These notes were refinanced annually and repaid by StarPak International, Ltd. on November 22, 1996.

On December 31, 1994, StarPak, Inc. loaned \$77,779 to Michael W. Morgan, President and Chief Executive Officer of the Company, payable on demand without interest. The loan was repaid in full in August 1995.

On December 31, 1994, the Company paid \$667,800 to A. Emmet Stephenson, Jr., Inc., which is wholly-owned by Mr. Stephenson. The loan was repaid in full in August 1995.

In 1994, StarPak International, Ltd. borrowed \$75,000 from Mr. and Mrs. Stephenson for working capital purposes, with interest at 12% per annum. The loan was refinanced annually until November 22, 1996, when the loan was repaid in full.

On December 29, 1995, the Company borrowed approximately \$1.1 million from General Communications, Inc., a corporation owned by A. Emmet Stephenson, Jr., the Company's Chairman of the Board and a Principal Stockholder, and Toni E. Stephenson, a Principal Stockholder, for working capital purposes. The loan accrued interest equal to the Company's line of credit rate (10% at December 31, 1995) and matured on January 31, 1997. The Company repaid the loan in full in April 1996.

On January 9, 1996, the Company borrowed \$90,000 from Michael W. Morgan, the Company's President and Chief Executive Officer and a Principal Stockholder, for working capital purposes. The loan accrued interest equal to the Company's line of credit rate (10% at December 31, 1995) and matured in April 1996. The loan and all accrued interest was repaid at such time.

During 1995, Michael W. Morgan, President and Chief Executive Officer of the Company, exercised certain options to acquire shares of common stock of StarPak, Inc. and delivered his promissory note in payment of the exercise price, bearing interest at 4.63%, payable in installments during 1999. The note was repaid in full in January 1997.

NOTES PAYABLE TO PRINCIPAL STOCKHOLDERS

Immediately prior to closing this offering, the Company will declare a dividend in an amount equal to the estimated additional paid-in capital and retained earnings of the Company as of the closing date, payable to the Principal Stockholders pursuant to certain promissory notes, which will equal \$5.5 million, plus an adjustment for any additional paid-in capital and retained earnings after September 30, 1996 through the closing date. The promissory notes payable to the Principal Stockholders will be paid from net proceeds to the Company from this offering. From this amount, the Principal Stockholders will be required to pay applicable federal and state income taxes on earnings of the Company attributable to the period from January 1, 1997 through closing of this offering, the period in which the Company will continue to operate as an S corporation. See "Use of Proceeds."

FUTURE TRANSACTIONS

The Company has implemented a policy requiring that any material transaction between the Company and its officers, directors or an affiliated party is subject to approval by a majority of the directors not interested in such transaction, who must determine that the terms of any such transaction are no less favorable to the Company than can be obtained from an unaffiliated third party.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth certain information regarding the beneficial ownership of the Company's Common Stock as of the date of this Prospectus, and as adjusted to reflect the sale of the shares of Common Stock being offered hereby, by (i) each stockholder who is known by the Company to beneficially own more than 5% of the currently outstanding shares of Common Stock; (ii) each of the Company's Directors and executive officers; (iii) all executive officers and Directors of the Company as a group; and (iv) the Selling Stockholders.

NAME AND ADDRESS OF BENEFICIAL OWNER	SHARES BENEFICIALLY OWNED PRIOR TO THE OFFERING		NUMBER OF SHARES BEING OFFERED (a)	SHARES BENEFICIALLY OWNED AFTER THE OFFERING (a)	
	NUMBER	PERCENT		NUMBER	PERCENT
A. Emmet Stephenson, Jr. (b) (c)		32.82%			
Michael W. Morgan (b) (d)		10.44			
Dennis M. Swenson (b) (e)		0.00			
Toni E. Stephenson (b) (f)		32.82			
FASSET Trust (b)		11.96			
MASSET Trust (b)		11.96			
Pamela S. Oliver (b) (g)		23.92			

Thomas O. Ryder (i)	0.00	10,000 (h)
Ed Zschau (j)	0.00	10,000 (h)
All directors and executive officers as a group (5 persons)	43.26%	

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- (a) Assumes no exercise of the Underwriters' over-allotment option. If the Underwriters' over-allotment option is fully exercised, A. Emmet Stephenson, Jr., Michael W. Morgan, Toni E. Stephenson, FASSET Trust and MASSET Trust (the "Selling Stockholders") will sell up to 550,000 additional shares on a pro rata basis.
- (b) The address of each person, trust or trustee is c/o the Company, 111 Havana Street, Denver, Colorado 80010.
- (c) Mr. Stephenson is the Chairman of the Board of the Company. See "Management." Mr. Stephenson is the husband of Toni E. Stephenson. Mrs. Stephenson disclaims beneficial ownership of shares owned by Mr. Stephenson.
- (d) Does not include _____ shares of Common Stock issuable upon the exercise of stock options to be granted immediately prior to closing of this offering. See "Management--Stock Option Plan." Mr. Morgan is President and Chief Executive Officer of the Company. See "Management."
- (e) Does not include _____ shares of Common Stock issuable upon the exercise of stock options to be granted immediately prior to the closing of this offering. See "Management--Stock Option Plan." Mr. Swenson is Executive Vice President and Chief Financial Officer of the Company. See "Management."
- (f) Mrs. Stephenson is the wife of A. Emmet Stephenson, Jr. Mr. Stephenson disclaims beneficial ownership of shares owned by Mrs. Stephenson. From the inception of StarPak, Inc. and StarPak International, Ltd. until January 23, 1997, Mrs. Stephenson was a director of each such company and will continue to act as a vice president of such companies, without compensation.
- (g) Represents shares owned by the FASSET Trust and MASSET Trust. Mrs. Oliver is the sole trustee of each of the trusts and has sole voting power and investment power with respect to the Common Stock held by the trusts. Mrs. Oliver is Mr. Stephenson's sister. From the inception of StarPak, Inc. and StarPak International, Ltd. until January 23, 1997, Mrs. Oliver was a director of each such company and will continue to act as a vice president of such companies, without compensation.
- (h) Includes 10,000 shares of Common Stock issuable upon the exercise of stock options to be granted simultaneous with the closing of this offering. See "Management--Compensation of Directors."

- (i) Mr. Ryder's business address is 200 Vesey Street, New York, New York 10285.
- (j) Mr. Zschau's business address is Harvard Business School, Baker Library 371, Boston, Massachusetts 02163.

SHARES ELIGIBLE FOR FUTURE SALE

Upon the closing of this offering, the Company will have _____ shares of Common Stock outstanding. All of the shares offered hereby will be freely tradeable without restriction or registration under the Securities Act, except for any shares purchased by an "affiliate" of the Company (in general, a person who has a control relationship with the Company), which will be subject to the limitations of Rule 144 promulgated under the Securities Act. All of the remaining _____ outstanding shares of Common Stock (or _____ shares if the Underwriters' over-allotment option is fully exercised) are deemed to be "restricted securities" as that term is defined in Rule 144. Beginning 180 days after the date of this Prospectus, upon the expiration of lock-up agreements with DLJ (described below), _____ of these restricted shares (_____ shares if the Underwriters' over-allotment option is fully exercised) will be available for sale subject to compliance with Rule 144 volume and other requirements. The remaining _____ shares of restricted securities (_____ shares if the Underwriters' over-allotment option is fully exercised) will be eligible for sale beginning _____, 1999, subject to compliance with Rule 144 volume and other requirements.

In general, under Rule 144, as currently in effect, a person (or persons whose shares are aggregated) who has beneficially owned restricted securities within the meaning of Rule 144 ("Restricted Shares") for at least two years, including the holding period of any prior owner except an affiliate, would be entitled to sell within any three-month period a number of shares that does not exceed the greater of (i) one percent of the then outstanding shares of Common Stock (approximately _____ shares after giving effect to this offering) or (ii) the average weekly trading volume of the Common Stock on the NYSE during the four calendar weeks preceding the filing of a Form 144 with respect to such sale. Sales under Rule 144 are also subject to certain "manner of sale" provisions, notice requirements and the availability of current public information about the Company. Any person (or persons whose shares are aggregated) who is not deemed to have been an affiliate of the Company at any time during the 90 days preceding a sale, and who has beneficially owned shares for at least three years (including any period of ownership of preceding nonaffiliated owners), would be entitled to sell such shares under Rule 144(k) without regard to the volume limitations, manner of sale provisions, public information requirements or notice requirements. If certain proposed amendments to Rule 144 are adopted, the two-and three-year holding period requirements described above will be reduced to one and two years, respectively.

The Selling Stockholders and the Company have agreed with DLJ that until 180 days after the date of this Prospectus they will not, directly or indirectly, offer, sell, contract to sell, grant any option to purchase or otherwise dispose of any Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock, or in any manner transfer all or a portion of the economic consequences associated with the ownership of the Common Stock, or cause a registration statement covering any shares of Common Stock to be filed, without the prior written consent of DLJ, subject to certain limited exceptions, including grants of options pursuant to, and issuance of shares of Common Stock upon exercise of options under, the Option Plan and the Director Option Plan. See "Risk Factors--Substantial Number of Shares Eligible for Future Sale."

Prior to this offering, there has been no public market for the Common Stock. The Company can make no predictions as to the effect, if any, that public sales of shares of Common Stock or the availability of shares for sale will have on the market price from time to time. Nevertheless, sales of substantial amounts of the Common Stock in the public market or the perception that such sales could occur, could adversely affect the prevailing market prices of the Common Stock and could impair the Company's future ability to raise capital through an offering of its equity securities.

DESCRIPTION OF CAPITAL STOCK

The authorized capital stock of the Company consists of 95,000,000 shares of Common Stock, and 15,000,000 shares of Preferred Stock, \$.01 par value ("Preferred Stock"), which may be issued in one or more series. Immediately following the completion of this offering, an aggregate of _____ shares of Common Stock will be issued and outstanding, and no shares of Preferred Stock will be issued or outstanding.

The following description of the Company's capital stock is a summary of the material terms of such stock. It does not purport to be complete and is subject in all respects to applicable Delaware law and to the provisions of the Company's Restated Certificate of Incorporation and Restated Bylaws, copies of which have been filed as exhibits to the Registration Statement of which this Prospectus is a part.

COMMON STOCK

The Board of Directors of the Company in its sole discretion may issue shares of Common Stock from the authorized and unissued shares of Common Stock. Holders of Common Stock are entitled to one vote per share on all matters to be voted upon by the stockholders, including the election of directors. The Company's Restated Certificate of Incorporation does not provide for cumulative voting in the election of directors.

Holders of Common Stock are entitled to receive such dividends as may be declared from time to time by the Board of Directors out of funds legally available therefor. The Company does not anticipate paying any cash dividends in the foreseeable future. See "Dividend Policy." In the event of liquidation, dissolution or winding up of the Company, holders of Common Stock are entitled to share ratably in all assets remaining after payment of liabilities and after satisfaction of the liquidation preference of any outstanding Preferred Stock.

Holders of Common Stock have no preemptive, conversion or redemption rights and are not subject to further assessments by the Company. Upon consummation of this offering, all of the then outstanding shares of Common Stock will be validly issued, fully paid and nonassessable.

PREFERRED STOCK

The Company's Board of Directors is authorized to issue from time to time, without stockholder authorization, in one or more designated series, any or all of the authorized but unissued shares of Preferred Stock with such dividend, redemption, conversion and exchange provisions as may be provided for the particular series. Any series of Preferred Stock may possess voting, dividend, liquidation and redemption rights superior to those of the Common Stock. The rights of the holders of Common Stock will be subject to and may be adversely affected by the rights of the holders of any Preferred Stock that may be issued in the future. Issuance of a new series of Preferred Stock, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, could make it more difficult for a third party to acquire, or discourage a third party from acquiring, the outstanding voting stock of the Company, and make removal of the present Board of Directors more difficult. The Company has no present plans to issue any shares of Preferred Stock. See "Risk Factors--Anti-Takeover Provisions."

CERTAIN PROVISIONS OF DELAWARE LAW

The Company is a Delaware corporation and is subject to Section 203 of the Delaware General Corporation Law ("DGCL"). In general, Section 203 prevents an "interested stockholder" (defined generally as a person owning 15% or more of a corporation's outstanding voting stock) from engaging in a "business

combination" (as defined) with a Delaware corporation for three years following the date such person became an interested stockholder unless (i) before such person became an interested stockholder, the board of directors of the corporation approved the transaction in which the interested stockholder became an interested stockholder or approved the business combination, (ii) upon consummation of the transaction that resulted in the interested stockholder becoming an interested stockholder, the interested stockholder owns at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced (excluding shares owned by persons who are both officers and directors of the corporation and shares held

-43-

by certain employee stock ownership plans) or (iii) following the transaction in which such person became an interested stockholder, the business combination is approved by the board of directors of the corporation and authorized at a meeting of stockholders by the affirmative vote of the holders of at least two-thirds of the outstanding voting stock of the corporation not owned by the interested stockholder.

LIMITATION OF LIABILITY AND INDEMNIFICATION

The Company's Restated Certificate of Incorporation and Restated Bylaws provide that, to the fullest extent permitted by the DGCL, a director of the Company shall not be liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director. Under the DGCL, liability of a director may not be limited (i) for any breach of the director's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) in respect of certain unlawful dividend payments or stock redemptions or repurchases and (iv) for any transaction from which the director derives an improper personal benefit. The effect of the provisions of the Company's Restated Certificate of Incorporation and Restated Bylaws is to eliminate the rights of the Company and its stockholders (through stockholders' derivative suits on behalf of the Company) to recover monetary damages against a director for breach of the fiduciary duty of care as a director (including breaches resulting from negligent or grossly negligent behavior), except in the situations described in clauses (i) through (iv) above. This provision does not limit or eliminate the rights of the Company or any stockholder to seek nonmonetary relief such as an injunction or rescission in the event of a breach of a director's duty of loyalty. In addition, the Company's Restated Certificate of Incorporation and Restated Bylaws provide that the Company shall indemnify its directors and officers, against losses incurred by any such person by reason of the fact that such person was acting in such capacity.

CERTAIN ANTI-TAKEOVER EFFECTS

The provisions of the Restated Certificate of Incorporation and the Restated Bylaws of the Company summarized above may be deemed to have anti-takeover effects and may delay, defer or prevent a tender offer or takeover attempt that a stockholder might consider to be in such stockholder's best interest, including those attempts that might result in a premium over the market price for the shares held by stockholders. See "Risk Factors--Anti-Takeover Provisions."

TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar for the Common Stock is UMB Bank, N.A., Kansas City, Missouri.

LISTING

There is no public trading market for the Common Stock. The Company intends to file an application to list the Common Stock on the New York Stock Exchange ("NYSE") under the symbol "SRT."

UNDERWRITING

Subject to certain terms and conditions contained in an underwriting agreement (the "Underwriting Agreement"), the Underwriters named below for whom DLJ and Morgan Stanley & Co. Incorporated are serving as representatives (the "Representatives"), have severally agreed to purchase from the Company and the Selling Stockholders, the respective number of shares of Common Stock set forth opposite their names below:

UNDERWRITERS	NUMBER OF SHARES
Donaldson, Lufkin & Jenrette Securities Corporation	
Morgan Stanley & Co. Incorporated	
TOTAL	3,666,667 ----- -----

The Underwriting Agreement provides that the obligations of the several Underwriters to purchase shares of Common Stock are subject to the approval of certain legal matters by counsel and to certain other conditions. If any of the shares of Common Stock are purchased by the Underwriters pursuant to the Underwriting Agreement, all of the shares of Common Stock (other than the shares of Common Stock covered by the Underwriters' over-allotment option described below) must be so purchased.

Prior to this offering, there has been no established trading market for the Common Stock. The initial price to the public for the Common Stock offered hereby will be determined by negotiation between the Company and the Representatives. The factors to be considered in determining the initial price to the public include the history of and the prospects for the industry in which the Company competes, the performance and ability of the Company's management, the past and present operations of the Company, the historical results of operations of the Company, the prospects for future earnings of the Company, the general condition of the securities markets at the time of this offering and the recent market prices of securities of generally comparable companies. The estimated initial public offering price range set forth on the cover page of this Prospectus is subject to change as a result of market conditions and other factors.

The Company and the Selling Stockholders have agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Underwriters may be required to make in respect thereof.

The Company has been advised by the Representatives that the Underwriters propose to offer the shares of Common Stock to the public initially at the price to the public set forth on the cover page of this Prospectus and to certain dealers (who may include the Underwriters) at such price less a concession not to exceed \$_____ per share. The Underwriters may allow, and such dealers

may reallocate, discounts not in excess of \$_____ per share to any other Underwriter and certain other dealers. After this offering, the offering price and other selling terms may be changed by the Underwriters.

-45-

The Selling Stockholders have granted to the Underwriters an option to purchase up to an aggregate of 550,000 additional shares of Common Stock, pro rata based on their relative holdings prior to this offering, at the initial public offering price less underwriting discounts and commissions, solely to cover over-allotments. Such option may be exercised in whole or in part from time to time during the 30-day period after the date of this Prospectus. To the extent that the Underwriters exercise such option, each of the Underwriters will be committed, subject to certain conditions, to purchase from the Selling Stockholders on a pro rata basis a number of option shares proportionate to such Underwriter's initial commitment as indicated in the preceding table.

The Underwriters have reserved up to 5% of the shares of Common Stock offered hereby for sale at the initial public offering price to certain employees, consultants and other persons associated with the Company. The number of shares of Common Stock available for sale to the general public will be reduced to the extent such persons purchase such reserved shares. Any reserved shares not so purchased will be offered by the Underwriters to the general public on the same basis as the other shares offered hereby. This program will be administered by DLJ.

The Company and the Selling Stockholders have agreed not to offer, sell, contract to sell or otherwise dispose of any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock, or in any manner transfer all or a portion of the economic consequences associated with the ownership of such Common Stock, or to cause a registration statement covering any shares of Common Stock to be filed, for 180 days after the date of this Prospectus without the prior written consent of DLJ, subject to certain limited exceptions, and provided that the Company may grant options pursuant to, and issue shares of Common Stock upon the exercise of options under the Option Plan and the Director Option Plan. See "Shares Eligible for Future Sale."

The Representatives have informed the Company that they do not expect to make sales to accounts over which they exercise discretionary authority in excess of ___% of the number of shares of Common Stock offered hereby.

The Company intends to file an application for listing of the Common Stock on the NYSE. In order to meet the requirements for listing on the NYSE, the Underwriters will undertake to sell lots of 100 or more shares of Common Stock to a minimum of 2,000 beneficial holders.

-46-

LEGAL MATTERS

The validity of the shares of the Common Stock offered hereby will be passed upon for the Company by Otten, Johnson, Robinson, Neff & Ragonetti, P.C., Denver, Colorado. Certain legal matters will be passed upon for the Underwriters by Milbank, Tweed, Hadley & McCloy, Los Angeles, California.

EXPERTS

The combined financial statements of StarTek, Inc. at December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995, appearing in this Prospectus and the Registration Statement have been audited by

Ernst & Young LLP, independent auditors, as set forth in their report thereon appearing elsewhere herein and in the Registration Statement, and are included in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

ADDITIONAL INFORMATION

The Company has filed with the Securities and Exchange Commission (the "Commission") a Registration Statement on Form S-1 (together with all amendments, exhibits, schedules and supplements thereto, the "Registration Statement"), of which this Prospectus forms a part, covering the Common Stock to be sold pursuant to this offering. As permitted by the rules and regulations of the Commission, this Prospectus omits certain information, exhibits and undertakings contained in the Registration Statement. Such additional information, exhibits and undertakings can be inspected at and obtained from the Commission at prescribed rates at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Judiciary Plaza, Washington, D.C. 20549 and at certain regional offices of the Commission located at Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661 and 13th Floor, 7 World Trade Center, New York, New York, 10048. The Commission maintains a Web site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission. In addition, the Company intends to file an application to list the Common Stock on the NYSE, and following such filing, the reports and other information concerning the Company may be inspected at the offices of such exchange. For additional information with respect to the Company, the Common Stock and related matters and documents, reference is made to the Registration Statement. Statements contained herein concerning any such document are not necessarily complete and, in each instance, reference is made to the copy of such document filed as an exhibit to the Registration Statement. Each such statement is qualified in its entirety by such reference.

The Company will issue annual reports and unaudited quarterly reports to its stockholders for the first three quarters of each fiscal year. Annual reports will include audited consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States and a report of its independent public accountants with respect to the examination of such financial statements. In addition, the Company will issue such other interim reports as it deems appropriate.

-47-

INDEX TO COMBINED FINANCIAL STATEMENTS

STARTEK, INC.

	PAGE
Report of Ernst & Young LLP	F-2
Combined Balance Sheets as of December 31, 1994 and 1995, and September 30, 1996	F-3
Combined Statements of Operations for the years ended December 31, 1993, 1994 and 1995 and the nine months ended September 30, 1995 and 1996	F-4
Combined Statements of Stockholders' Equity for the years ended December 31, 1993, 1994 and 1995 and the nine months ended September 30, 1996	F-5
Combined Statements of Cash Flows for the years ended December 31, 1993, 1994 and 1995 and the nine months ended September 30, 1995 and 1996	F-6

F-1

REPORT OF INDEPENDENT AUDITORS

Board of Directors
StarTek, Inc.

We have audited the accompanying combined balance sheets of StarPak, Inc. and StarPak International, Ltd. as of December 31, 1994 and 1995, and the related combined statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of StarPak, Inc. and StarPak International, Ltd. at December 31, 1994 and 1995, and the combined results of their operations and their cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles.

Denver, Colorado
January 24, 1997

ERNST & YOUNG LLP

/s/ Ernst & Young LLP

F-2

STARTEK, INC.
(NOTE 1)

COMBINED BALANCE SHEETS

	DECEMBER 31,		SEPTEMBER 30 1996 (UNAUDITED)	PRO FORMA SEPTEMBER 30 1996 (NOTE 2) (UNAUDITED)
	----- 1994	----- 1995		
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 119,237	\$ 451,456	\$ 451,973	\$ 451,973
Trade accounts receivable, less allowance for doubtful accounts of \$85,000, \$197,747 and \$227,559 in 1994, 1995, and 1996, respectively	7,036,433	13,261,904	7,490,256	7,490,256

Inventories (NOTE 3)	886,495	1,357,843	2,171,204	2,171,204
Prepaid expenses	143,463	225,162	187,278	187,278
Notes receivable--stockholders (NOTE 13)	773,875	663,494	635,760	635,760
Note receivable--affiliate (NOTE 13)	667,800	--	--	--
Total current assets	9,627,303	15,959,859	10,936,471	10,936,471
Property, plant and equipment, net (NOTE 4)	2,711,887	5,614,670	6,220,777	6,220,777
Other assets	12,482	5,627	9,826	9,826
Total assets	\$12,351,672	\$21,580,156	\$17,167,074	\$17,167,074
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Line of credit (NOTE 5)	\$ 1,999,052	\$ 3,450,708	\$ 886,278	\$886,278
Accounts payable	5,558,387	9,705,673	6,073,767	6,073,767
Accrued liabilities	367,582	551,588	1,002,202	1,002,202
Current portion of capital lease obligations	398,701	547,595	792,715	792,715
Current portion of long-term debt	--	7,059	5,190	5,190
Notes payable--stockholders (NOTE 13)	738,494	738,494	710,760	710,760
Other	131,421	161,049	171,828	171,828
Notes payable to Principal Stockholders (NOTE 14)	--	--	--	5,509,227
Total current liabilities	9,193,637	15,162,166	9,642,740	15,151,967
Capital lease obligations, less current portion (NOTE 6)	151,589	1,084,575	1,545,338	1,545,338
Long-term debt, less current portion (NOTE 7)	--	353,787	350,466	350,466
Notes payable--affiliate (NOTE 13)	--	1,111,844	--	--
Other Commitments (NOTE 6)	--	69,885	117,375	117,375
Stockholders' equity (NOTES 9 AND 10)				
Common stock	425	432	432	432
Additional paid-in capital	1,850,235	2,907,826	2,907,826	--
Cumulative translation adjustment	(15,049)	(9,922)	1,496	1,496
Retained earnings	1,170,835	1,112,897	2,814,735	--
Note receivable--stockholder for the exercise of stock options (NOTE 10)	--	(213,334)	(213,334)	--
Total stockholders' equity	3,006,446	3,797,899	5,511,155	1,928
Total liabilities and stockholders' equity	\$12,351,672	\$21,580,156	\$17,167,074	\$17,167,074

SEE ACCOMPANYING NOTES.

F-3

STARTEK, INC.
(NOTE 1)
COMBINED STATEMENTS OF OPERATIONS

	YEAR ENDED DECEMBER 31,			NINE MONTHS ENDED SEPTEMBER 30,	
	1993	1994	1995	1995	1996
Revenues	\$23,044,170	\$26,340,985	\$41,509,363	\$23,793,395	\$44,805,932
Cost of services	18,038,882	21,354,828	33,230,050	18,674,123	35,973,759
Gross profit	5,005,288	4,986,157	8,279,313	5,119,272	8,832,173
Selling, general and administrative expenses	3,478,820	4,489,529	5,341,384	3,720,727	5,319,076
Operating profit	1,526,468	496,628	2,937,929	1,398,545	3,513,097
Net interest expense and other (NOTE 8)	192,720	215,541	396,255	263,516	301,878
Income before management fee expense and income taxes	1,333,748	281,087	2,541,674	1,135,029	3,211,219
Management fee expense (NOTE 2)	1,702,486	612,440	2,599,612	957,105	1,397,435
Income tax expense (NOTE 2)	--	--	--	--	111,946
Net income (loss)	\$ (368,738)	\$ (331,353)	\$ (57,938)	\$ 177,924	\$ 1,701,838

PRO FORMA COMBINED STATEMENT OF OPERATIONS
(UNAUDITED) (NOTE 2):

Historical net income (loss)	\$ (57,938)	\$ 1,701,838
Income tax expense	--	111,946

Management fee expense	2,599,612	1,397,435
Pro forma income before income taxes	2,541,674	3,211,219
Pro forma income taxes	948,044	1,197,785
Pro forma net income	\$ 1,593,630	\$ 2,013,434

Pro forma net income per share
Shares outstanding
SEE ACCOMPANYING NOTES.

F-4

STARTEK, INC.
(NOTE 1)

COMBINED STATEMENT OF STOCKHOLDERS' EQUITY

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	NOTE RECEIVABLE- STOCKHOLDER	CUMULATIVE TRANSLATION ADJUSTMENT	TOTAL STOCKHOLDERS' EQUITY
	SHARES	AMOUNT					
Beginning balance, January 1, 1993	18,428	\$184	\$ 117,177	\$1,914,087	\$ --	\$ --	\$2,031,448
Issuance of stock for cash	16,457	164	982,851	--	--	--	983,015
Issuance of stock for options exercised	1,092	11	23,391	--	--	--	23,402
Translation loss	--	--	--	--	--	(2,121)	(2,121)
Repurchase of stock	(365)	(4)	--	(43,161)	--	--	(43,165)
Net loss	--	--	--	(368,738)	--	--	(368,738)
Balance, December 31, 1993	35,612	355	1,123,419	1,502,188	--	(2,121)	2,623,841
Issuance of stock for cash	6,925	70	726,816	--	--	--	726,886
Translation loss	--	--	--	--	--	(12,928)	(12,928)
Net loss	--	--	--	(331,353)	--	--	(331,353)
Balance, December 31, 1994	42,537	425	1,850,235	1,170,835	--	(15,049)	3,006,446
Issuance of stock for cash	820	8	89,195	--	--	--	89,203
Issuance of stock for options exercised	1,728	17	231,147	--	--	--	231,164
Note receivable--stockholder	--	--	--	--	(213,334)	--	(213,334)
Repurchase of stock	(1,885)	(18)	(129,724)	--	--	--	(129,742)
Contributed capital	--	--	866,973	--	--	--	866,973
Translation gain	--	--	--	--	--	5,127	5,127
Net loss	--	--	--	(57,938)	--	--	(57,938)
Balance, December 31, 1995	43,200	432	2,907,826	1,112,897	(213,334)	(9,922)	3,797,899
Translation gain (unaudited)	--	--	--	--	--	11,418	11,418
Net income (unaudited)	--	--	--	1,701,838	--	--	1,701,838
Balance, September 30, 1996 (unaudited)	43,200	\$432	\$2,907,826	\$2,814,735	\$(213,334)	\$ 1,496	\$5,511,155

F-5

STARTEK, INC.
(NOTE 1)

COMBINED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31,			NINE MONTHS ENDED SEPTEMBER 30,	
	1993	1994	1995	1995	1996
					(UNAUDITED)
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income (loss)	\$ (368,738)	\$ (331,353)	\$ (57,938)	\$ 177,924	\$1,701,838
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	455,731	588,222	873,246	605,815	938,140
Changes in operating assets and liabilities:					
Accounts receivable	684,744	(3,332,112)	(6,225,471)	(265,020)	5,771,648
Inventories	306,784	14,759	(471,348)	(466,441)	(813,361)
Prepaid expenses	(5,092)	24,024	(81,699)	(135,170)	37,884
Other assets	10,500	(8,314)	6,855	(105,745)	(4,199)
Accounts payable	(807,246)	3,172,354	4,147,286	(30,278)	(3,631,906)
Accrued and other liabilities	27,513	270,611	283,519	578,086	508,883
Deferred revenue	(500,888)	--	--	--	--
Net cash provided by (used in) operating activities	(196,692)	398,191	(1,525,550)	359,171	4,508,927
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of property, plant and equipment, net	(1,238,668)	(670,218)	(2,104,525)	(459,305)	(580,749)
Collections (advances) on notes receivable--stockholders	(276,826)	(97,049)	110,381	110,381	27,734

Collections (advances) on notes receivable-- affiliate	(80,667)	(587,133)	667,800	667,800	--
Net cash provided by (used in) investing activities	(1,596,161)	(1,354,400)	(1,326,344)	318,876	(553,015)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net proceeds from (payments on) line of credit borrowings	490,000	1,209,052	1,451,656	(186,238)	(2,564,430)
Principal payments on borrowings	(39,167)	(364,282)	(1,654)	--	(5,190)
Proceeds from borrowings and capital lease obligations	316,968	--	362,500	--	368,470
Proceeds from (principal payments on) notes payable--stockholder	263,494	--	--	--	(27,734)
Proceeds from (principal payments on) notes payable--affiliate	--	(100,000)	1,111,844	--	(1,111,844)
Principal payments on capital lease obligations	(279,324)	(395,412)	(589,624)	(306,307)	(626,085)
Issuance of common stock	1,006,417	726,886	107,033	107,033	--
Contributed capital	--	--	866,973	--	--
Repurchase of common stock	(43,165)	--	(129,742)	(129,742)	--
Net cash provided by (used in) financing activities	1,715,223	1,076,244	3,178,986	(515,254)	(3,966,813)

F-6

STARTEK, INC.
(NOTE 1)

COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

	YEAR ENDED DECEMBER 31,			NINE MONTHS ENDED SEPTEMBER 30,	
	1993	1994	1995	1995	1996
Effect of exchange rate changes on cash	\$ (2,121)	\$ (12,928)	\$ 5,127	\$ (5,473)	\$ 11,418
Net increase (decrease) in cash and cash equivalents	(79,751)	107,107	332,219	157,320	517
Cash and cash equivalents at beginning of year	91,881	12,130	119,237	119,237	451,456
Cash and cash equivalents at end of year	\$ 12,130	\$ 119,237	\$ 451,456	\$ 276,557	\$ 451,973
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION					
Cash paid for interest	\$ 157,416	\$ 212,981	\$ 365,880	\$ 259,195	\$ 357,283
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITY					
Equipment acquired or refinanced under capital leases	\$ 989,079	\$ 65,153	\$ 1,671,504	\$ 1,324,114	\$ 963,498
Note received in exchange for the purchase of common stock from options exercised	--	--	\$ 213,334	\$ 213,334	--

SEE ACCOMPANYING NOTES.

F-7

STARTEK, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

(INFORMATION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1995 AND 1996 IS UNAUDITED)

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying combined financial statements of StarTek, Inc. (the "Company" or "StarTek") include the accounts of StarPak, Inc. and StarPak International, Ltd. The Company was incorporated in Delaware on December 30, 1996. Effective January 1, 1997, the shareholders of StarPak, Inc. exchanged all of the outstanding shares of capital stock of StarPak, Inc. for shares of common stock of the Company, and StarPak, Inc. became a wholly-owned subsidiary of the Company. Effective January 24, 1997, the shareholders of StarPak International, Ltd. contributed all of its outstanding shares of capital stock to the Company, and StarPak International, Ltd. became a wholly-owned subsidiary of the Company. References to the Company and StarTek include these combined entities.

BUSINESS OPERATIONS

The Company is an international provider of integrated outsourced services primarily for Fortune 500 companies in targeted industries. The Company offers a wide spectrum of services throughout a product's life cycle, including product order teleservices, supplier management, product assembly and packaging, product distribution, product fulfillment, customer care and technical support teleservices. The Company has operations in the North America, Europe and Asia.

PRINCIPLES OF COMBINATION

The combined financial statements include the accounts of StarPak, Inc. and StarPak International, Ltd. All significant intercompany transactions have been eliminated.

INTERIM FINANCIAL INFORMATION

The combined financial information as of September 30, 1996 and for the nine months ended September 30, 1995 and 1996 is unaudited, but includes all adjustments (consisting only of normal recurring adjustments) which, in the opinion of management, are necessary to present fairly the financial position at September 30, 1996, and the results of operations and cash flows for the periods ended September 30, 1995 and September 30, 1996. Interim results are not necessarily indicative of the results which may be expected for any other interim period or for a full year.

FOREIGN CURRENCY TRANSLATION

Translation gains and losses are accumulated as a separate component of stockholders' equity. Translation gains and losses were not material for any period presented. Foreign currency transaction gains and losses are included in determining net income. Such gains and losses were not material for any period presented.

F-8

STARTEK, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS--(CONTINUED)

NEW ACCOUNTING STANDARDS

In March 1995, FAS No. 121, ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS AND FOR LONG-LIVED ASSETS TO BE DISPOSED OF, was issued, which requires impairment losses to be recorded on long-lived assets used in operations when

indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. FAS No. 121 also addresses the accounting for long-lived assets that are expected to be disposed of. The Company adopted FAS No. 121 in the first quarter of 1996. The effect of adoption was not material.

In October 1995, FAS No. 123, ACCOUNTING FOR STOCK BASED COMPENSATION, was issued. With respect to stock options granted to employees, FAS No.123 permits companies to continue using the accounting method promulgated by the Accounting Principles Board Opinion No. 25, ACCOUNTING FOR STOCK ISSUED TO EMPLOYEES (APB 25), to measure compensation or to adopt the fair value based method prescribed by FAS No. 123. StarTek has elected to continue following APB 25 and does not plan to adopt the new fair value based method for employee stock options, as allowed by the FASB 123. The Company will, however, be required to provide fair value disclosures relating to employee stock options in its 1996 annual financial statements.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and 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

Revenues are recognized as services are performed under each client contract, which services may include product order teleservices, supplier management, product assembly and packaging, product distribution, product order fulfillment, and customer care and technical support teleservices.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments consist of cash, accounts receivable and payable, notes receivable, debt and capital lease obligations. The carrying values of cash and accounts receivable and payable approximate fair value. Management believes the difference between the fair values and carrying values of the notes receivable, debt and capital lease obligations would not be materially different since interest rates approximate market rates for material items.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

INVENTORIES

Inventories are stated at the lower of cost (first-in, first-out basis) or market.

F-9

STARTEK, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS--(CONTINUED)

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost. Additions, improvements and major renewals are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. Costs related to the internal development of software are expensed as incurred.

Depreciation and amortization of equipment acquired under capital leases is

computed using the straight-line method based on the following estimated useful lives:

	ESTIMATED USEFUL LIFE -----
Buildings	30 years
Equipment, and equipment acquired under capital leases	3 to 5 years
Furniture and fixtures	7 years

INCOME TAXES

Effective July 1, 1992, StarPak, Inc. elected Subchapter S status for income tax purposes, and StarPak International, Ltd. has maintained Subchapter S status since inception. As such, the income and expenses of the Company are reportable on the tax returns of the stockholders, and no provision has been made for federal and state income taxes. The Company is subject to foreign income taxes on certain of its operations. A provision for foreign income taxes was made for the nine months ended September 30, 1996, as loss carryovers relating to foreign operations had been fully utilized.

MANAGEMENT FEE EXPENSE

Historically, certain S corporation stockholders and an affiliate have been paid certain management fees, bonuses and other fees in connection with services rendered to the Company which have not been included in selling, general and administrative expense. Upon the closing of the offering, these management fees, bonuses and other fees will be discontinued, and all compensation in the form of advisory fees and salaries (an aggregate of approximately \$516,000 annually) will thereafter be included in selling, general and administrative expenses.

2. PRO FORMA INFORMATION (UNAUDITED) (See Note 14)

PRO FORMA COMBINED STATEMENT OF OPERATIONS

The pro forma combined statement of operations for the year ended December 31, 1995 and the nine months ended September 30, 1996 presents the effects on the historical combined financial statements of the elimination of management fee expense paid to stockholders and their affiliates as these fees will be discontinued upon the completion of the Company's initial public offering and to provide related income taxes as if the Company were taxed as a C corporation.

F-10

STARTEK, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS--(CONTINUED)

PRO FORMA COMBINED BALANCE SHEET

The pro forma combined balance sheet at September 30, 1996 reflects, as notes payable to the Principal Stockholders, amounts relating to accumulated retained earnings and additional paid-in capital without reflecting any proceeds from the proposed public offering.

INCOME TAXES

Upon closing of the proposed public offering, the Company's S corporation status will terminate. The pro forma statement of operations reflects a provision for federal, state and foreign income taxes at an effective rate of 37.3%. A provision for foreign income taxes was made for the nine months ended September 30, 1996, as foreign loss carryovers had been fully utilized. Foreign

income taxes will be credited fully against United States income taxes.

PRO FORMA NET INCOME PER COMMON SHARE

Pro forma net income per common share is based on the number of shares of StarTek common stock to be outstanding after contribution of all StarPak, Inc. and StarPak International, Ltd. shares, and the issuance of 3,000,000 shares of common stock contemplated by the proposed public offering.

3. INVENTORIES

The Company typically holds components and materials inventory pending product assembly and packaging, and finished goods inventory for brief periods pending shipments. The Company normally has the right to be reimbursed by the client for unused inventory.

Total inventories consisted of the following:

	DECEMBER 31,		SEPTEMBER 30,
	1994	1995	1996
			(UNAUDITED)
Finished goods	\$ 21,399	\$ 76,480	\$ 220,112
Raw materials	865,096	1,281,363	1,951,092
	-----	-----	-----
	\$886,495	\$1,357,843	\$2,171,204
	-----	-----	-----
	-----	-----	-----

F-11

STARTEK, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS--(CONTINUED)

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are summarized as follows:

	DECEMBER 31,		SEPTEMBER 30,
	1994	1995	1996
			(UNAUDITED)
Land	\$ 50,650	\$ 374,234	\$ 374,234
Buildings	376,350	1,553,028	2,235,057
Equipment	3,152,804	5,026,605	5,844,712
Furniture and fixtures	488,405	890,371	934,482
	-----	-----	-----
	4,068,209	7,844,238	9,388,485
Less accumulated depreciation and amortization	(1,356,322)	(2,229,568)	(3,167,708)
	-----	-----	-----
Property, plant and equipment, net	\$ 2,711,887	\$ 5,614,670	\$ 6,220,777
	-----	-----	-----
	-----	-----	-----

5. LINE OF CREDIT

At December 31, 1995 and September 30, 1996, the Company had a revolving line of credit agreement with a bank whereby the bank agreed to loan the Company up to \$3,600,000 and \$4,500,000, respectively. Interest was payable monthly and accrued at the bank's base rate plus 1.5% at December 31, 1995 (10%) and at the bank's base rate plus 1% at September 30, 1996 (9.25%), payable monthly. This

revolving line of credit reduces to \$3,500,000 on March 8, 1997 (if an extension fee is not paid) and matures on June 30, 1999. At December 31, 1995 and September 30, 1996, the Company had drawn \$3,450,708 and \$886,278, respectively, against this line.

Under the revolving line of credit agreement the Company has pledged as security all of its equipment, inventories and receivables. The Company must also maintain certain financial ratios, and is subject to certain restrictions on the payment of dividends, capital expenditures and loans to affiliates and stockholders.

6. LEASES

The Company had an operating lease for office space with a partnership in which major stockholders of the Company are general partners. Payments under the lease for the years ended December 31, 1993, 1994, and 1995 were \$70,000 each year, and were \$52,500 for each of the nine month periods ended September 30, 1995 and 1996. The lease was cancelled effective December 31, 1996.

F-12

STARTEK, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS--(CONTINUED)

The Company's property held under capital leases consists of the following, which is included in property, plant and equipment:

	DECEMBER 31,		SEPTEMBER 30,
	1994	1995	1996
			(UNAUDITED)
Equipment	\$1,342,769	\$3,014,273	\$ 4,346,241
Less accumulated amortization	(592,246)	(998,286)	(1,731,259)
	-----	-----	-----
	\$ 750,523	\$2,015,987	\$ 2,614,982
	-----	-----	-----
	-----	-----	-----

Amortization of leased assets is included in depreciation and amortization expense.

As of December 31, 1995, future minimum rental commitments, by year and in the aggregate, for the capital and operating leases are as follows:

YEAR ENDING DECEMBER 31,	CAPITAL LEASES	OPERATING LEASES
-----	-----	-----
1996	\$ 684,348	\$194,240
1997	562,415	126,828
1998	396,340	42,708
1999	194,622	--
2000	79,414	--
	-----	-----
Total minimum lease payments	1,917,139	\$363,776

Amounts representing interest	(284,969)	

Present value of net minimum lease payments	\$1,632,170	

During the nine months September 30, 1996, the Company entered into additional capital leases. The new obligations require payments as follows: (i) \$95,004 in the three months ended December 31, 1996; and (ii) \$410,310, \$449,954, \$238,825, \$58,500, and \$2,977 in the fiscal years ending December 31, 1997, 1998, 1999, 2000, and 2001, respectively.

Rental expense, including equipment rentals, for 1993, 1994, 1995, and the nine-month periods ended September 30, 1995 and 1996, was \$137,710, \$229,925, \$294,714, \$211,990 and \$289,035, respectively.

F-13

STARTEK, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS--(CONTINUED)

7. LONG-TERM DEBT

During 1995, the Company purchased land and an existing building for approximately \$1,500,000. The purchase was financed through the Company's revolving line of credit and a mortgage loan in the amount of \$362,500. The loan bears interest at 9.0% and matures on October 4, 2000. As of December 31, 1995, future scheduled annual principal payments are as follows:

1996	\$ 7,059
1997	7,501
1998	8,199
1999	8,963
2000	329,124

	\$360,846

In January 1997, the above loan was repaid from proceeds of a \$1,500,000 mortgage loan on the same property. This loan bears interest at the bank's base rate plus 2% (10.25% at January 20, 1997). Principal and interest on the loan is payable in monthly installments of \$15,625 until the earlier of June 30, 1999 or the date of termination of the revolving line of credit, when the remaining principal balance is due.

In December 1996, the Company received a \$200,000 economic development loan which bears interest at 6% per annum and is collateralized by certain equipment. Interest payments are due quarterly and, beginning January 1, 1999 and continuing through January 1, 2001, principal payments of \$30,000 are due semi-annually. A final principal payment of \$50,000 is due on July 1, 2001.

8. NET INTEREST EXPENSE AND OTHER

Net interest expense and other consists of the following items:

	YEAR ENDED DECEMBER 31,			NINE MONTHS ENDED SEPTEMBER 30,	
	1993	1994	1995	1995	1996
	-----			-----	
				(UNAUDITED)	
Interest expense	\$ (157,499)	\$ (239,068)	\$ (445,849)	\$ (301,837)	\$ (422,393)
Interest income	9,779	12,782	2,595	709	74,346
Other income (expense)	(45,000)	10,745	46,999	37,612	46,169
	-----	-----	-----	-----	-----
Total	\$ (192,720)	\$ (215,541)	\$ (396,255)	\$ (263,516)	\$ (301,878)
	-----	-----	-----	-----	-----

STARTEK, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS-- (CONTINUED)

9. STOCKHOLDERS' EQUITY

The combined common stock and additional paid-in capital on a company-by-company basis as of December 31, 1995 and September 30, 1996 were as follows:

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL
	-----	-----
StarPak, Inc. - 5,000,000 shares, \$.01 par value, authorized; 33,618 shares outstanding	\$336	\$2,703,497
StarPak International, Ltd. - 5,000,000 shares, \$.01 par value, authorized; 9,582 shares outstanding	96	204,329
	-----	-----
	\$432	\$2,907,826
	-----	-----
	-----	-----

10. STOCK OPTIONS

Effective July 24, 1987, the stockholders of StarPak, Inc. approved a Stock Option Plan (the Plan) which provided for the grant of Stock Options, Stock Appreciation Rights and Supplemental Bonuses to Key Employees. The stock options were intended to qualify as "incentive stock options" as defined in Section 422A of the Internal Revenue Code unless specifically designated as "nonstatutory stock options."

The options granted could be exercised for a period of not more than ten years and one month from the date of grant, or any shorter period as determined by StarPak, Inc.'s Board of Directors. The option price of any incentive stock option would be equal to or exceed the fair market value per share on the date of grant, or 110% of the fair market value per share in the case of a 10% or greater stockholder. Options generally vested ratably over a five-year period from the date of grant. Unexercised vested options remained exercisable for three calendar months from the date of termination of employment.

During 1995, StarPak, Inc. accelerated the vesting on all outstanding options to allow the holders to exercise any granted option. Accordingly, all outstanding options were exercised for purchase prices ranging from \$21.43 to \$320.47. In aggregate, the option holders paid \$17,830 in cash and delivered a note of \$213,334 bearing interest at 4.63% to StarPak, Inc. in exchange for shares of common stock. Additionally, the note is secured by 896 shares of StarPak, Inc. common stock. On January 22, 1997, the note and all accrued interest thereon was repaid in full.

This Plan was terminated effective January 24, 1997.

STARTEK, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS-- (CONTINUED)

11. GEOGRAPHIC AREA INFORMATION

Prior to fiscal 1995, the Company operated primarily in North America. To date, the Company operates in North America, Europe and Asia. The Company's operations in Asia were not material and have been combined with North America in the following table.

Information regarding geographical areas is as follows:

YEAR ENDED DECEMBER 31, 1995	NORTH AMERICA	EUROPE	ELIMINATIONS	TOTAL
Revenues	\$37,376,167	\$4,133,196	--	\$41,509,363
Operating profit	\$ 2,660,290	\$ 277,639	--	\$ 2,937,929
Identifiable assets	\$19,355,906	\$3,090,170	\$(865,920)	\$21,580,156

12. SIGNIFICANT CLIENTS

Two clients accounted for 47.3% and 10.5% of revenues for the year ended December 31, 1993. Two clients accounted for 39.6% and 15.9% of revenues for the year ended December 31, 1994. Two clients accounted for 46.3% and 10.9% of revenues for the year ended December 31, 1995. Two clients accounted for 47.6% and 19.6% of revenues for the nine months ended September 30, 1996.

The loss of one or more of its significant clients could have a material adverse effect on the Company's business, operating results or financial condition. To limit the Company's credit risk, management performs ongoing credit evaluations of its clients and maintains allowances for potentially uncollectible accounts. Although the Company is directly impacted by economic conditions in which its clients operate, management does not believe significant credit risk exists at December 31, 1995 or September 30, 1996.

F-16

STARTEK, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS--(CONTINUED)

13. RELATED PARTY TRANSACTIONS

The Company had the following notes receivable and payable from related parties for the noted periods:

	DECEMBER 31,		SEPTEMBER 30,
	1994	1995	1996
			(UNAUDITED)
Notes receivable from stockholders bearing interest of 8.5% and refinanced annually to be due at the end of the following fiscal year. These notes were repaid by the stockholders on November 22, 1996.	\$663,494	\$ 663,494	\$635,760
Notes receivable from stockholders bearing no interest and due on demand.	\$110,381	--	--
Note receivable from affiliate bearing no interest and due on demand.	\$667,800	--	--
Notes payable to stockholders bearing interest of 8.5% and refinanced annually to be due at the end of the following fiscal year. These notes were repaid by the Company on November 22, 1996.	\$663,494	\$ 663,494	\$635,760

Notes payable to stockholders bearing interest at 12% and refinanced annually to be due at the end of the following fiscal year. These notes were repaid by the Company on November 22, 1996.

\$ 75,000 \$ 75,000 \$ 75,000

Note payable to affiliate bearing interest equal to StarTek's line of credit rate and due on January 31, 1997.

-- \$1,111,844 --

14. PLANNED EVENTS SUBSEQUENT TO SEPTEMBER 30, 1996 (UNAUDITED)

The Company is contemplating an initial public offering of its common stock.

Immediately prior to closing the offering, the Company will to declare a dividend in an amount equal to the estimated additional paid-in capital and retained earnings of the Company as of the closing date, payable to the principal stockholders (the "Principal Stockholders") pursuant to certain promissory notes, which will equal \$5.5 million, plus an adjustment for any additional paid-in capital and retained earnings after September 30, 1996 through the closing date. The promissory notes payable to the Principal Stockholders will be paid from net proceeds of the offering to the Company.

F-17

STARTEK, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS--(CONTINUED)

Upon closing of the offering, the S corporation status of the Company will be terminated and the Company will be taxed as a C corporation thereafter. Upon termination of the Company's S corporation status, the Company will be required to record a one-time charge against earnings for additional deferred income taxes. If this charge were recorded at September 30, 1996, the amount would have been approximately \$38,000, relating primarily to accrued expense and depreciation temporary differences. Additionally, the management fee, bonus and other fee arrangements as described in Note 2 have been terminated effective December 31, 1996.

F-18

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NO PERSON IS AUTHORIZED IN CONNECTION WITH ANY OFFERING MADE HEREBY TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN AS CONTAINED IN THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR BY ANY UNDERWRITER. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH AN OFFERING OR SOLICITATION.

TABLE OF CONTENTS

	Page
Prospectus Summary.....	2
Risk Factors.....	7
Offering Related Transactions.....	13

Use of Proceeds.....	15
Dividend Policy.....	16
Capitalization.....	17
Dilution.....	18
Selected Combined Financial Data.....	19
Management's Discussion and Analysis of Financial Condition and Results of Operations.....	20
Business.....	27
Management.....	34
Certain Relationships and Related Party Transactions.....	38
Principal and Selling Stockholders.....	40
Shares Eligible for Future Sale.....	42
Description of Capital Stock.....	43
Underwriting.....	45
Legal Matters.....	47
Experts.....	47
Additional Information.....	47
Index to Combined Financial Statements.....	F-1

UNTIL _____, 1997 (25 DAYS AFTER COMMENCEMENT OF THIS OFFERING), ALL DEALERS EFFECTING TRANSACTIONS IN COMMON STOCK, WHETHER OR NOT PARTICIPATING IN THIS DISTRIBUTION, MAY BE REQUIRED TO DELIVER A PROSPECTUS. THIS IS IN ADDITION TO THE OBLIGATION OF DEALERS TO DELIVER A PROSPECTUS WHEN ACTING AS UNDERWRITERS AND WITH RESPECT TO THEIR UNSOLD ALLOTMENTS OR SUBSCRIPTIONS.

=====

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3,666,667 SHARES

[LOGO AND ART]

STARTEK, INC.

COMMON STOCK

PROSPECTUS

DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION

MORGAN STANLEY & CO.
INCORPORATED

, 1997

=====

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

Estimated expenses (other than the underwriting discounts and commissions) payable in connection with the issuance and distribution of the securities to be registered hereunder are as follows:

SEC registration fee	\$20,445.00
NASD filing fee	6,947.00
NYSE listing fee	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Blue Sky fees and expenses (including legal fees)	*
Transfer agent and registrar fees and expenses	*
Miscellaneous	*

Total	\$ *

* To be completed by amendment.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Company's Restated Certificate of Incorporation and Restated Bylaws provide that to the fullest extent permitted by the DGCL, a director of the Company shall not be liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director. Under the DGCL, liability of a director may not be limited (i) for any breach of the director's duty of loyalty to the Company or its stockholders; (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law; (iii) in respect of certain unlawful dividend payments or stock redemptions or repurchases; and (iv) for any transaction from which the director derives an improper personal benefit. The effect of the provisions of the Company's Restated Certificate of Incorporation and Restated Bylaws is to eliminate the rights of the Company and its stockholders (through stockholders' derivative suits on behalf of the Company) to recover monetary damages against a director for breach of the fiduciary duty of care as a director (including breaches resulting from negligent or grossly negligent behavior), except in the situations described in clauses (i) through (iv) above. This provision does not limit or eliminate the rights of the Company or any stockholder to seek nonmonetary relief such as an injunction or rescission in the event of a breach of a director's duty of care. In addition, the Company's Restated Certificate of Incorporation and Restated Bylaws provide that the Company shall indemnify its directors and officers, against losses incurred by any such person by reason of the fact that such person was acting in such capacity.

The Form of Underwriting Agreement to be filed as Exhibit 1.1 to the Registration Statement provides for indemnification by the Underwriters of the Company and its directors and officers for certain liabilities arising under the Securities Act or otherwise.

II-1

Prior to closing this offering, the Company intends to obtain an annually renewable directors' and officers' insurance policy insuring directors and officers of the Company against claims made against them in their individual capacities in an amount of up to \$5,000,000 in the aggregate (with certain restrictions) in conjunction with their duties as directors and officers of the Company.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

Described below is information regarding all unregistered securities that have been issued by the Company during the past three years. The number of shares of Common Stock set forth in this Item 15 have not been adjusted to give effect to the ____-for-one stock split of the Company's Common Stock to be effected by a stock dividend immediately prior to and subject to closing this offering.

On January 1, 1997, the Company issued 33,618 shares of Common Stock to the Principal Stockholders in exchange for the assignment to the Company by the Principal Stockholders of all of the issued and outstanding shares of common stock of StarPak, Inc., in reliance upon Section 4(2) of the Securities Act as a transaction not involving any public offering.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) EXHIBITS.

EXHIBIT NUMBER -----	
* 1.1	Form of Underwriting Agreement
* 2.1	Form of Lock-up Agreement
3.1	Restated Certificate of Incorporation of the Company
3.2	Restated Bylaws of the Company
* 4.1	Specimen Common Stock certificate
* 5.1	Opinion and Consent of Otten, Johnson, Robinson, Neff & Ragonetti, P.C.
10.1	Form of StarTek, Inc. Stock Option Plan
* 10.2	Form of Stock Option Agreement
10.3	Form of StarTek, Inc. Director Stock Option Plan
10.4	Lease by and between East Mercia Developments Limited and StarPak International, Ltd. and StarPak, Inc.
10.5	Promissory Note of StarPak, Inc. dated December 29, 1995 in the principal amount of \$1,111,844.17 payable to the order of General Communications, Inc.
21.1	List of Subsidiaries of the Company

- 23.1 Consent of Ernst & Young LLP
- * 23.2 Consent of Otten, Johnson, Robinson, Neff & Ragonetti, P.C.
(included in Exhibit 5.1)
- 24.1 Power of Attorney (contained on page II-4)
- 27.1 Financial Data Schedule

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

(b) COMBINED FINANCIAL STATEMENT SCHEDULES

All financial statement schedules are omitted because of the absence of conditions under which they are required.

ITEM 17. UNDERTAKINGS

(a) The undersigned Registrant hereby undertakes to provide to the Underwriters at the closing specified in the Underwriting Agreement certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer, or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered hereunder, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(c) The Registrant hereby undertakes:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of a registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

II-3

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF DENVER, STATE OF COLORADO, ON THIS 29TH DAY OF JANUARY, 1997.

STARTEK, INC.

By: /s/ A. Emmet Stephenson, Jr.

A. Emmet Stephenson, Jr.
Chairman of the Board

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby severally constitutes and appoints A. Emmet Stephenson, Jr. and Michael W. Morgan, and each of them, his attorney-in-fact, with full power of substitution and resubstitution, to sign for him in his name in the capacities indicated below, any and all amendments to this Registration Statement (including any and all pre-effective and post-effective amendments) and all documents relating thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorney-in-fact, or his substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated:

SIGNATURE - - - - -	TITLE -----	DATE -----
/s/ A. Emmet Stephenson, Jr. ----- A. Emmet Stephenson, Jr.	Chairman of the Board and Director	January 29, 1997
/s/ Michael W. Morgan ----- Michael W. Morgan	Director, President and Chief Executive Officer (Principal Executive Officer)	January 29, 1997
/s/ Dennis M. Swenson ----- Dennis M. Swenson	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	January 29, 1997
/s/ Ed Zschau ----- Ed Zschau	Director	January 29, 1997
/s/ Thomas O. Ryder ----- Thomas O. Ryder	Director	January 28, 1997

EXHIBIT 3.1

RESTATED
CERTIFICATE OF INCORPORATION
OF
STARTEK, INC.

StarTek, Inc., a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

1. The name of the corporation is StarTek, Inc. (the "Corporation"). The Corporation was originally incorporated under the same name, and the original Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on December 30, 1996.

2. Pursuant to Sections 242 and 245 of the General Corporation Law of the State of Delaware (as amended prior to the date hereof, and as amended from time to time hereafter, the "Delaware Act"), this Restated Certificate of Incorporation restates and integrates and further amends the provisions of the Certificate of Incorporation of the Corporation.

3. This Restated Certificate of Incorporation was duly adopted by unanimous written consents of the Board of Directors and stockholders of the Corporation in accordance with the applicable provisions of Sections 141, 228, 242 and 245 of the Delaware Act.

4. The text of this Restated Certificate of Incorporation as heretofore amended or supplemented is hereby restated and further amended to read in its entirety as follows:

ARTICLE I
NAME OF CORPORATION

The name of the Corporation is StarTek, Inc.

ARTICLE II
REGISTERED AGENT

The address of the registered office of the Corporation in the State of Delaware is Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801. The name of its registered agent at such address is The Corporation Trust Company.

-1-

ARTICLE III
PURPOSE

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

ARTICLE IV
STOCK

A. AUTHORIZED STOCK. The total number of shares of stock which the

Corporation shall have authority to issue is 110,000,000, of which 95,000,000 shares with \$.01 per share par value are designated as common stock ("Common Stock") and 15,000,000 shares with \$.01 per share par value are designated as preferred stock ("Preferred Stock").

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

(1) the number of shares constituting any series and the distinctive designation of that series;

(2) the dividend rate on the shares of the class or of any series, whether dividends shall be cumulative, and, if so, from which date or dates, and the relative rights of priority, if any, of payment of dividends on shares of the class or of that series;

(3) whether the class or any series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights;

(4) whether the class or any series shall have conversion privileges, and, if so, the terms and conditions of conversion, including provision for adjustment of the conversion rate in such events as the Board of Directors shall determine;

-2-

(5) whether or not the shares of the class or of any series shall be redeemable, and, if so, the terms and conditions of redemption, including the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

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

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

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

Except as otherwise expressly provided by law or expressly stated in the resolution or resolutions providing for the establishment of a class or series of Preferred Stock, any shares of Preferred Stock which may be redeemed, purchased or acquired by the Corporation may be reissued. Except as otherwise expressly provided in the resolution or resolutions providing for the establishment of any class or series of Preferred Stock, no vote of the holders of shares of Preferred Stock or Common Stock shall be a prerequisite to the issuance of any shares of any class or series of the Preferred Stock authorized by and complying with the conditions of this Restated Certificate of Incorporation.

ARTICLE V
BOARD OF DIRECTORS; BYLAWS

All of the powers of the Corporation, insofar as the same may be lawfully vested by this Restated Certificate of Incorporation in the Board of Directors, are hereby conferred upon the Board of Directors of the Corporation. In furtherance and not in limitation of that power, the Board of Directors is expressly authorized to adopt, alter, amend and repeal from time to time the Bylaws of the Corporation, subject to the right of the stockholders entitled to vote with respect thereto to adopt, alter, amend and repeal the Bylaws of the Corporation.

ARTICLE VI
ELECTION OF DIRECTORS

Election of directors need not be by written ballot except and to the extent provided in the Bylaws of the Corporation.

-3-

ARTICLE VII
LIABILITY OF DIRECTORS

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

ARTICLE VIII
INDEMNIFICATION

A. OFFICERS AND DIRECTORS. The Corporation shall indemnify all directors and officers of the Corporation, and shall advance expenses reasonably incurred by such directors and officers in defending any civil, criminal, administrative or investigative action, suit or proceeding, in accordance with and to the fullest extent permitted by Section 145 of the Delaware Act. Any repeal or modification of the provisions of this Article VIII shall not adversely affect any right or protection hereunder of any person in respect of any acts or omissions occurring prior to the time of such repeal or modification.

B. EMPLOYEES AND AGENTS. The Corporation may, by written agreement, indemnify any person who is an employee or agent of the Corporation, and may advance expenses reasonably incurred by such employee or agent of the Corporation in defending any civil, criminal, administrative or investigative action, suit or proceeding, in accordance with Section 145 of the Delaware Act. Any repeal or modification of the provisions of this Article VIII after the effective date of any such written agreement shall not adversely affect any right or protection of a person under such written agreement.

ARTICLE IX
DISSOLUTION; LIQUIDATION

Whenever a compromise or arrangement is proposed between the Corporation and its creditors or any class of them and/or between the Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of the Corporation or of any creditor or stockholder thereof or on the application of

any receiver or receivers appointed for the Corporation under the provisions of Section 291 of the Delaware Act or on the application of trustees in dissolution or of any receiver or receivers appointed for the Corporation under the provisions of Section 279 of the Delaware Act, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of

-4-

the Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths (3/4) in value of the creditors or class of creditors and/or of the stockholders or class of stockholders of the Corporation, as the case may be, agree to any compromise or arrangement or to any reorganization of the Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders of the Corporation, as the case may be, and also on the Corporation.

IN WITNESS WHEREOF, this Restated Certificate of Incorporation has been signed by Michael W. Morgan, its authorized officer, this 27th day of January, 1997.

STARTEK, INC.

By: /s/ Michael W. Morgan

Michael W. Morgan
President and Chief Executive
Officer

-5-

EXHIBIT 3.2

RESTATED BYLAWS

STARTEK, INC.,
A DELAWARE CORPORATION

RESTATED BYLAWS
STARTEK, INC.,
A DELAWARE CORPORATION

ARTICLE I
OFFICES

SECTION 1. REGISTERED OFFICES. The registered office of the corporation shall be in the City of Wilmington, County of New Castle, State of Delaware.

SECTION 2. OTHER OFFICES. The corporation may also have offices at such other place or places within and/or outside the State of Delaware as the board of directors of the corporation (the "Board") may determine from time to time or as the business of the corporation may require.

ARTICLE II
MEETINGS OF STOCKHOLDERS

SECTION 1. PLACE OF MEETINGS. Meetings of stockholders shall be held at any place within or outside the State of Delaware as designated by the Board. In the absence of any such designation, stockholders' meetings shall be held at the principal executive office of the corporation.

SECTION 2. ANNUAL MEETING OF STOCKHOLDERS. The annual meeting of stockholders shall be held each year on a date and at a time designated by the Board.

SECTION 3. QUORUM; ADJOURNED MEETINGS AND NOTICE THEREOF. A majority of the voting power of the shares of capital stock of the corporation issued and outstanding and entitled to vote at any meeting of stockholders, the holders of which are present in person or represented by proxy, shall constitute a quorum for the transaction of business, except as otherwise provided by law, by the Restated Certificate of Incorporation of the corporation, as amended, restated or supplemented from time to time hereafter (the "Certificate of Incorporation"), or by these Restated Bylaws, as amended, restated or supplemented from time to time hereafter (these "Bylaws"). A quorum, once established, shall not be broken by the withdrawal of enough votes to leave less than a quorum and the votes present may continue to transact business until adjournment. If, however, such quorum shall not be present or represented at any meeting of the stockholders, a majority of the voting power of the shares of capital stock represented in person or by proxy may adjourn the meeting from time to time, without notice other than announcement at the meeting of the time and place of the adjourned meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting,

a notice of the adjourned meeting shall be given to each stockholder of

record entitled to vote thereat.

SECTION 4. VOTING. When a quorum is present at any meeting, in all matters other than the election of directors, the vote of the holders of stock representing a majority of the voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the Certificate of Incorporation, these Bylaws, or any rule, regulation or statutory provision applicable to the corporation, a different vote is required in which case such express provision shall govern and control the decision of such question. Directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors.

SECTION 5. PROXIES. At each meeting of the stockholders, each stockholder having the right to vote may vote in person or may authorize another person or persons to act for him by proxy appointed by an instrument in writing subscribed by such stockholder and bearing a date not more than three years prior to said meeting, unless said instrument provides for a longer period. All proxies must be filed with the Secretary of the corporation at the beginning of each meeting in order to be counted in any vote at the meeting. Each stockholder shall have one vote for each share of common stock having voting power, registered in his name on the books of the corporation on the record date set by the Board as provided in Article VII, Section 6 hereof.

SECTION 6. SPECIAL MEETINGS. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Certificate of Incorporation, may be called by the Board, the Chairman of the Board or the President. Such request shall state the purpose or purposes of the proposed meeting. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice of such special meeting.

SECTION 7 NOTICE OF STOCKHOLDER BUSINESS AND NOMINATIONS.

(1) Nominations of persons for election to the Board and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders (a) pursuant to the corporation's notice of meeting, (b) by or at the direction of the Board or (c) by any stockholder of the corporation who was a stockholder of record at the time of giving of notice provided for in this Bylaw, who is entitled to vote at the meeting and who complies with the notice procedures set forth in this Bylaw.

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of paragraph (1) of this Bylaw, the stockholder must have given timely notice thereof in writing to the Secretary of the corporation and such other business must otherwise be a proper matter for stockholder action. To be timely, a stockholder's

notice shall be delivered to the Secretary at the principal executive offices of the corporation not later than the close of business on the sixtieth (60th) day nor earlier than the close of business on the ninetieth (90th) day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the ninetieth (90th) day prior to such annual meeting and not later than the close of business on the later of the sixtieth (60th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the corporation. In no event shall the public announcement of an adjournment of an annual meeting commence a new time period for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of

directors in an election contest, or is otherwise required, in each case, pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rule 14A-11 thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the nomination or proposal is made and (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the corporation's books, and of such beneficial owner and (ii) the class and number of shares of the corporation which are owned beneficially and of record by such stockholder and such beneficial owner.

SECTION 8. MAINTENANCE AND INSPECTION OF STOCKHOLDER LIST. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

SECTION 9. ACTION WITHOUT MEETING. Unless otherwise provided in the Certificate of Incorporation, any action required to be taken at any annual or special meeting of stockholders of the corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

ARTICLE III DIRECTORS

SECTION 1. NUMBER AND ELECTION OF DIRECTORS. The number of directors (other than directors elected by one or more series of preferred stock) which shall constitute the whole Board shall be not less than one (1) nor more than nine (9), the exact number of directors to be determined from time to time solely by resolution adopted by the affirmative vote of a majority of the directors. The directors need not be stockholders. The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 2 of this Article III, and each director elected shall hold office until his successor is duly elected and qualified.

SECTION 2. VACANCIES. Vacancies on the Board by reason of death, resignation, removal or otherwise, and newly created directorships resulting from any increase in the number of directors may be filled (other than directors elected by one or more series of preferred stock) solely by a majority of the directors then in office (although less than a quorum) or by a sole remaining director. Each director so chosen shall hold office until such director's successor shall have been duly elected and qualified or until such director's earlier death, resignation, disqualification or removal. If, at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of the whole Board (as constituted

immediately prior to any such increase), the Delaware Court of Chancery may, upon application of any stockholder or stockholders having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office.

SECTION 3. POWERS. The property and business of the corporation shall be managed by or under the direction of its Board. In addition to the powers and authorities by these Bylaws expressly conferred upon them, the Board may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by

these Bylaws directed or required to be exercised or done by the stockholders.

SECTION 4. PLACE OF DIRECTORS' MEETINGS. The directors may hold their meetings and have one or more offices, and keep the books of the corporation outside of the State of Delaware.

SECTION 5. REGULAR MEETINGS. Regular meetings of the Board may be held without notice at such time and place as shall from time to time be determined by the Board.

SECTION 6. SPECIAL MEETINGS. Special meetings of the Board may be called by the Chairman of the Board or the President on forty-eight (48) hours notice to each director, either personally or by mail, telecopier, or other means of electronic transmission at the address of such director on the books and records of the corporation; special meetings shall also be called by the Chairman of the Board, the President or the Secretary in like manner and on like notice on the written request of two (2) directors.

SECTION 7. QUORUM. At all meetings of the Board a majority of the then authorized number of directors shall be necessary and sufficient to constitute a quorum for the transaction of business, and the vote of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board, except as may be otherwise specifically provided by statute, by the Certificate of Incorporation or by these Bylaws. If a quorum shall not be present at any meeting of the Board, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

SECTION 8. ACTION WITHOUT MEETING. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting, if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee, as the case may be.

SECTION 9. TELEPHONIC MEETINGS. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, members of the Board, or any committee designated by the Board, may participate in a meeting of the Board, or any committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting.

SECTION 10. COMMITTEES OF DIRECTORS. The Board may by resolution designate one (1) or more committees, each such committee to consist of one (1) or more directors of the corporation. The Board may designate one (1) or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the

absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or

not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to the following matters: (1) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the General Corporation Law of the State of Delaware, as amended, to be submitted to stockholders for approval or (2) adopting, amending or repealing any Bylaw of the corporation.

SECTION 11. MINUTES OF COMMITTEE MEETINGS. Each committee shall keep regular minutes of its meetings and report the same to the Board when required.

SECTION 12. COMPENSATION OF DIRECTORS. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, the Board shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

ARTICLE IV OFFICERS

SECTION 1. OFFICERS. The officers of the corporation shall be chosen by the Board and shall include a Chairman of the Board, a President and a Secretary. The corporation may also have, at the discretion of the Board, such other officers as are desired, including a Vice Chairman of the Board, a Chief Executive Officer, a Chief Financial Officer, a Treasurer, one (1) or more Vice Presidents, one (1) or more Assistant Secretaries and Assistant Treasurers, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article IV. In the event there are two (2) or more Vice Presidents, then one (1) or more may be designated as Executive Vice President, Senior Vice President, or other similar or dissimilar title. At the time of the election of officers, the directors may by resolution determine the order of their rank. Any number of offices may be held by the same person, unless the Certificate of Incorporation or these Bylaws otherwise provide.

SECTION 2. ELECTION OF OFFICERS. The Board, at its first meeting after each annual meeting of stockholders, shall choose the officers of the corporation.

SECTION 3. SUBORDINATE OFFICERS. The Board may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

SECTION 4. COMPENSATION OF OFFICERS. The salaries of all officers and agents of the corporation shall be fixed by the Board.

SECTION 5. TERM OF OFFICE; REMOVAL AND VACANCIES. The officers of the corporation shall hold office until their successors are chosen and qualify in their stead. Any officer elected or appointed by the Board may be removed at any time by the affirmative vote of a majority of the members of the Board. If the office of any officer or officers becomes vacant for any reason, the vacancy shall be filled by the Board.

SECTION 6. CHAIRMAN OF THE BOARD. The Chairman of the Board shall preside at all meetings of the stockholders and the Board and exercise and perform such other powers and duties as may be from time to time assigned to him by the Board or prescribed by these Bylaws. Except when by law the signature of

the President is required, the Chairman of the Board shall possess the same power as the President to sign all certificates, contracts and other instruments of the Corporation in the ordinary course of business and/or which may be authorized by the Board. The Chairman of the Board shall direct, promote and build up the business of the Corporation and shall determine its business and financial policies and activities. In the absence or disability of the President, the Chairman of the Board shall, in addition, be the Chief Executive Officer of the corporation and shall have the powers and duties of the President prescribed in Section 7 of this Article IV. The Chairman of the Board shall be directly responsible to the Board. The Chairman of the Board may be identified as either "Chairman" or "Chairman of the Board."

SECTION 7. PRESIDENT. Subject to such supervisory powers, if any, as may be given by the Board to the Chairman of the Board, the President shall be the Chief Executive Officer of the corporation and shall, subject to the control of the Board, have general supervision, direction and control of the business and officers of the corporation. In the absence or disability of the Chairman of the Board, he shall preside at all meetings of the stockholders and the Board. He shall have the general powers and duties of management usually vested in the office of President and Chief Executive Officer of corporations, and shall have such other powers and duties as may be prescribed by the Board or these Bylaws.

SECTION 8. VICE PRESIDENTS. In the absence or disability of both the Chairman of the Board and the President, the Vice Presidents in order of their rank as fixed by the Board, or if not ranked, the Vice President designated by the Board, shall perform all the duties of the Chairman of the Board and the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the Chairman of the Board and

the President. The Vice Presidents shall have such other duties as from time to time may be prescribed for them, respectively, by the Board.

SECTION 9. SECRETARY. The Secretary shall attend all sessions of the Board and all meetings of the stockholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose; and shall perform like duties for the standing committees when required by the Board. He shall give, or cause to be given, notice of all meetings of the stockholders and of the Board, and shall perform such other duties as may be prescribed by the Board or these Bylaws. He shall keep in safe custody the seal of the corporation, and when authorized by the Board, affix the same to any instrument requiring it, and when so affixed it shall be attested by his signature or by the signature of an Assistant Secretary. The Board may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

SECTION 10. ASSISTANT SECRETARY. The Assistant Secretary, or if there be more than one (1), the Assistant Secretaries in the order determined by the Board, or if there be no such determination, the Assistant Secretary designated by the Board, shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Board may from time to time prescribe.

SECTION 11. TREASURER. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation, in such depositories as may be designated by the Board. He shall disburse the funds of the corporation as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the Board, at its regular meetings, or when the Board so requires, an account of all his transactions as Treasurer and of the financial condition of the corporation. If required by the Board, he shall give the corporation a bond, in such sum and with such surety or sureties as shall be satisfactory to the Board, for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from

office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

SECTION 12. ASSISTANT TREASURER. The Assistant Treasurer, or if there shall be more than one (1), the Assistant Treasurers in the order determined by the Board, or if there be no such determination, the Assistant Treasurer designated by the Board, shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Board may from time to time prescribe.

ARTICLE V
MANDATORY INDEMNIFICATION OF DIRECTORS AND OFFICERS

The corporation shall indemnify every person who was or is a party or is or was threatened to be made a party to any action, suit, or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or officer of the corporation or, while a director or officer of the corporation, is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including counsel fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding, to the full extent permitted by applicable law. The corporation shall be required to indemnify a person in connection with a proceeding (or part thereof) initiated by such person only if the proceeding (or part thereof) was authorized by the Board. The indemnification provided for in these Bylaws shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under these Bylaws, or any agreement, vote of stockholders or otherwise.

ARTICLE VI
PERMISSIVE INDEMNIFICATION OF EMPLOYEES AND AGENTS

The corporation may, at its option, indemnify every person who was or is a party or is or was threatened to be made a party to any action, suit, or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was an employee or agent of the corporation or, while an employee or agent of the corporation, is or was serving at the request of the corporation as an employee or agent or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including counsel fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding, to no greater extent than is permitted by applicable law.

ARTICLE VII
CERTIFICATES OF STOCK

SECTION 1. CERTIFICATES. Every holder of stock of the corporation shall be entitled to have a certificate signed by, or in the name of the corporation by, the Chairman or Vice Chairman of the Board, or the President or a Vice President, and by the Secretary or an Assistant Secretary, or the Treasurer or an Assistant Treasurer of the corporation, certifying the number of shares represented by the certificate owned by such stockholder in the corporation.

SECTION 2. SIGNATURES ON CERTIFICATES. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose

facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent, or registrar at the date of issue.

SECTION 3. STATEMENT OF STOCK RIGHTS, PREFERENCES, PRIVILEGES. If the corporation shall be authorized to issue more than one (1) class of stock or more than one (1) series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent such class or series of stock; provided that, except as otherwise provided in Section 202 of the General Corporation Law of the State of Delaware, as amended, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

SECTION 4. LOST CERTIFICATES. The Board may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Board may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as the Board shall require and/or to give the corporation a bond in such sum as the Board may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

SECTION 5. TRANSFERS OF STOCK. Upon surrender to the corporation or the transfer agent of the corporation, of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

SECTION 6. FIXED RECORD DATE. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of the stockholders, or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may

fix a record date which shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

SECTION 7. REGISTERED STOCKHOLDERS. The corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and accordingly shall not be bound to recognize any equitable or other claim or interest in such share on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise expressly provided by the laws of the State of Delaware.

SECTION 1. DIVIDENDS. Dividends upon the capital stock of the corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation.

SECTION 2. PAYMENT OF DIVIDENDS; DIRECTORS' DUTIES. Before payment of any dividend there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purposes as the directors shall think conducive to the interests of the corporation, and the directors may abolish any such reserve.

SECTION 3. CHECKS. All checks or demands for money and notes of the corporation shall be signed by such officer or officers as the Board may from time to time designate.

SECTION 4. FISCAL YEAR. The fiscal year of the corporation shall be fixed by resolution of the Board.

SECTION 5. CORPORATE SEAL. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Delaware." Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

SECTION 6. MANNER OF GIVING NOTICE. Whenever, under the provisions of the Certificate of Incorporation, or of these Bylaws, or any rule, regulation or statutory provision applicable to the corporation, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given (unless otherwise provided) in writing, by mail, addressed to such director or stockholder, at his

address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by mail, telecopier, or other means of electronic transmission at the address of such director on the books and records of the corporation.

SECTION 7. WAIVER OF NOTICE. Whenever any notice is required to be given under the provisions of the certificate of Incorporation or of these Bylaws, or any rule, regulation or statutory provision applicable to the corporation, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE IX AMENDMENTS

These Bylaws may be altered, amended or repealed or new bylaws may be adopted by the stockholders or by the Board (when such power is conferred upon the Board by the Certificate of Incorporation) at any regular meeting of the stockholders or of the Board or at any special meeting of the stockholders or of the Board if notice of such alternation, amendment, repeal or adoption of new bylaws be contained in the notice of such special meeting. If the power to adopt, amend or repeal bylaws is conferred upon the Board by the Certificate of Incorporation, it shall not divest or limit the power of the stockholders to adopt, amend or repeal bylaws.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

(1) That I am the duly elected and acting Secretary of StarTek, Inc., a Delaware corporation; and

(2) That the foregoing Restated Bylaws constitute the bylaws of said corporation as fully adopted by the written consent of the sole director of said corporation as of January 27, 1997.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 27th day of January, 1997.

/s/ DENNIS M. SWENSON

Dennis M. Swenson,
Secretary

TABLE OF CONTENTS

	PAGE

ARTICLE I	OFFICES. 1
Section 1.	Registered Offices.. . . . 1
Section 2.	Other Offices. 1
ARTICLE II	MEETINGS OF STOCKHOLDERS 1
Section 1.	Place of Meetings. 1
Section 2.	Annual Meeting of Stockholders.. . . . 1
Section 3.	Quorum; Adjourned Meetings and Notice Thereof.. . . . 1
Section 4.	Voting.. . . . 2
Section 5.	Proxies. 2
Section 6.	Special Meetings.. . . . 2
Section 7.	Notice of Stockholder Business and Nominations. 2
Section 8.	Maintenance and Inspection of Stockholder List. 3
ARTICLE III	DIRECTORS. 4
Section 1.	Number and Election of Directors.. . . . 4
Section 2.	Vacancies. 4
Section 3.	Powers.. . . . 5
Section 4.	Place of Directors' Meetings.. . . . 5
Section 5.	Regular Meetings.. . . . 5
Section 6.	Special Meetings.. . . . 5
Section 7.	Quorum.. . . . 5
Section 8.	Action Without Meeting.. . . . 5
Section 9.	Telephonic Meetings. 6
Section 10.	Committees of Directors. 6
Section 11.	Minutes of Committee Meetings. 6
Section 12.	Compensation of Directors. 6
ARTICLE IV	OFFICERS 7
Section 1.	Officers.. . . . 7
Section 2.	Election of Officers.. . . . 7
Section 3.	Subordinate Officers.. . . . 7

Section 4.	Compensation of Officers..	7
Section 5.	Term of Office; Removal and Vacancies.	7
Section 6.	Chairman of the Board.	7
Section 7.	President.	8
Section 8.	Vice Presidents.	8
Section 9.	Secretary.	8
Section 10.	Assistant Secretary.	8
Section 11.	Treasurer.	9
Section 12.	Assistant Treasurer.	9
ARTICLE V	MANDATORY INDEMNIFICATION OF DIRECTORS AND OFFICERS	9

Table of Contents
Page 15

ARTICLE VI	PERMISSIVE INDEMNIFICATION OF EMPLOYEES AND AGENTS	10
ARTICLE VII	CERTIFICATES OF STOCK.	10
Section 1.	Certificates..	10
Section 2.	Signatures on Certificates..	10
Section 3.	Statement of Stock Rights, Preferences, Privileges.	10
Section 4.	Lost Certificates.	11
Section 5.	Transfers of Stock..	11
Section 6.	Fixed Record Date.	11
Section 7.	Registered Stockholders.	11
ARTICLE VIII	GENERAL PROVISIONS	12
Section 1.	Dividends.	12
Section 2.	Payment of Dividends; Directors' Duties.	12
Section 3.	Checks..	12
Section 4.	Fiscal Year.	12
Section 5.	Corporate Seal..	12
Section 6.	Manner of Giving Notice.	12
Section 7.	Waiver of Notice..	12
ARTICLE IX	AMENDMENTS	13

Table of Contents
Page 16

EXHIBIT 10.1

STARTEK, INC.
STOCK OPTION PLAN

This Stock Option Plan ("Plan") is adopted effective as of _____, 1997, by StarTek, Inc., a Delaware corporation (the "Company").

1. PURPOSE. The Company desires to establish the Plan for the purpose of encouraging key employees, Directors (other than Non-Employee Directors), consultants and other independent contractors who provide important services to the Company or one of its Designated Subsidiaries to continue with and promote the success of the Company by permitting them to acquire a proprietary interest in the Company.

2. DEFINITIONS.

2.1 "Board" or "Board of Directors" means the board of directors of the Company.

2.2 "Cause" means, as determined in the sole discretion of the Board, a Participant's (a) commission of a felony; (b) dishonesty or misrepresentation involving the Company or any Subsidiary; (c) serious misconduct in the performance or non-performance of Participant's responsibilities as an employee, officer, Director, or consultant or independent contractor of the Company or any Subsidiary; (d) violation of a material condition of employment or breach of contract; (e) unauthorized use of trade secrets or confidential information of the Company or any Subsidiary; or (f) aiding a competitor of the Company or any Subsidiary.

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

2.4 "Committee" means the committee comprised of two or more Non-Employee Directors appointed by the Board to administer the Plan.

2.5 "Common Stock" means the common stock of the Company, \$0.01 par value.

2.6 "Company" means StarTek, Inc., a Delaware corporation, and any successor thereto.

2.7 "Designated Subsidiary" means a Subsidiary of the Company that the Board designates as a Subsidiary whose key employees, consultants and other independent contractors are eligible to become Participants in the Plan.

2.8 "Director" means a member of the Board.

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

2.10 "Fair Market Value" means for the relevant day:

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

(b) If the Common Stock is not listed or admitted to unlisted trading privileges as provided in paragraph (a), and if sales prices for shares of Common Stock are reported by the National Association of Securities Dealers, Inc. Automated Quotations, Inc. National Market System ("NASDAQ System"), then

the last sale price for Common Stock reported as of the close of business on the day Fair Market Value is to be determined, or if no such sale takes place on that day, the average of the high bid and low asked prices so reported; if Common Stock is not traded on that day, the next preceding day on which such stock was traded; or

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

2.11 "ISO" means incentive stock options within the meaning of Section 422 of the code.

2.12 "Non-Employee Director" means a Director who satisfies the definitional requirements for a "Non-Employee Director" as set forth in Rule 16b-3(b)(3)(i) promulgated under the Exchange Act, as it exists now or from time to time may hereafter be amended.

2.13 "NSO" means non-qualified stock options, which are not intended to qualify under Section 422 of the Code.

2.14 "Option" means the right of a Participant, whether granted as an ISO or an NSO, to purchase a specified number of shares of Common Stock, subject to the terms and conditions of the Plan and the Option Agreement.

2.15 "Option Agreement" means a written agreement evidencing an Option or SAR between the Company and a Participant.

2.16 "Option Date" means the date upon which an Option or SAR is awarded to a Participant under the Plan.

2.17 "Option Price" means the price per share at which an Option may be exercised.

2.18 "Participant" means an individual to whom an Option or SAR has been granted under the Plan.

2.19 "Plan" means the StarTek, Inc. Stock Option Plan, as set forth herein and as from time to time amended.

2.20 "SAR" means a stock appreciation right associated with and issued in connection with an NSO.

2.21 "Securities Act" means the Securities Act of 1933, as it exists now or from time to time may hereafter be amended.

2.22 "Subsidiary" means any corporation or other entity which is a subsidiary of the Company as defined in Section 424(f) of the Code.

2.23 "Termination of Employment" means:

(a) With respect to an employee, when the employee's employment relationship with the Company and all of its Subsidiaries is terminated;

(b) With respect to consultants and independent contractors, when any consulting or independent contractor agreement is terminated, or when the consultant or independent contractor no longer performs any services for the Company, as determined by the Committee, in its sole discretion; and

(c) With respect to a Director who is not an employee, when his membership on the Board terminates.

3. ELIGIBILITY AND PARTICIPATION. Subject to the provisions of the Plan, the Committee shall determine from time to time those consultants, independent contractors, key employees, officers or Directors (other than Non-Employee Directors) of the Company or a Designated Subsidiary who shall be designated as

Participants and the number, if any, of Options or SARs to be awarded to each such Participant; provided, however, that no ISOs shall be awarded under the Plan after the expiration of the period of ten years from the date this Plan is adopted by the Board. In addition, no ISOs may be awarded to a Participant who is not an employee of the Company or a Designated Subsidiary.

4. COMMON STOCK SUBJECT TO THE PLAN. Except as otherwise provided in paragraph 10, the aggregate number of shares of Common Stock that may be issued under Options under this Plan may not exceed 985,000 shares of Common Stock. If any awards hereunder shall terminate or expire, as to any number of shares, new ISOs and NSOs may thereafter be awarded with respect to such shares.

5. INCENTIVE STOCK OPTIONS. The Committee may, in its discretion, grant ISOs to any Participant under the Plan who is an employee of the Company or a Designated Subsidiary. Each ISO shall be evidenced by an Option Agreement between the Company and the Participant. Each Option Agreement, in such form as is approved by the Committee, shall be subject to the following express terms and

conditions and to such other terms and conditions, not inconsistent with the Plan, as the Committee may deem appropriate.

(a) OPTION PERIOD. Each ISO will expire as of the earliest of:

- (i) the date on which it is forfeited under the provisions of paragraph 8;
- (ii) 10 years (or five years as specified in paragraph 5(e)) from the Option Date;
- (iii) three months after the Participant's Termination of Employment for any reason other than death; or
- (iv) six months after the Participant's death.

(b) OPTION PRICE. The Option Price per share shall be determined by the Committee at the time any ISO is granted, and, subject to the provisions of paragraph 5(e), shall not be less than the Fair Market Value of the Common Stock subject to the ISO on the Option Date.

(c) OTHER OPTION PROVISIONS. The form of ISO authorized by the Plan may contain such other provisions as the Committee may, from time to time, determine; provided, however, that such other provisions may not be inconsistent with any requirements imposed on qualified stock options under Section 422 of the Code.

(d) LIMITATIONS ON AWARDS. The aggregate Fair Market Value, determined as of the Option Date, of Common Stock with respect to which ISOs are exercisable by a Participant for the first time during any calendar year under all ISO plans of the Company and any Subsidiary shall not exceed \$100,000.

(e) AWARDS TO CERTAIN STOCKHOLDERS. Notwithstanding paragraphs 5(a) and 5(b) hereof, if an ISO is granted to a Participant who owns stock representing more than 10% of the voting power of all classes of stock of the Company or a Subsidiary, the exercise period specified in the ISO agreement for which the ISO thereunder is granted shall not exceed five years from the Option Date, and the Option Price shall be at least 110% of the Fair Market Value (as of the Option Date) of the Common Stock subject to the ISO.

6. NON-QUALIFIED STOCK OPTION. The Committee may, in its discretion, grant NSOs to any Participant under the Plan. Each NSO shall be evidenced by an Option Agreement between the Company and the Participant. Each Option Agreement for an NSO, in such form as is approved by the Committee, shall be subject to the following express terms and conditions:

(a) OPTION PERIOD. Each NSO will expire as of the earliest of:

- (i) the date on which it is forfeited under the provisions of paragraph 8;
- (ii) the date three months after the Participant's Termination of Employment for any reason other than death; or
- (iii) the date six months after the Participant's death.

(b) OPTION PRICE. At the time when the NSO is granted, the Committee will fix the Option Price. The Option Price may be greater than, less than, or equal to Fair Market Value on the Option Date, as determined in the sole discretion of the Committee.

(c) OTHER OPTION PROVISIONS. The form of NSO authorized by the Plan may contain such other provisions not inconsistent with the Plan as the Committee may from time to time determine.

7. STOCK APPRECIATION RIGHTS. The Committee may, in its direction, grant an SAR to any Participant under the Plan. Each SAR shall be granted only in connection with an NSO and shall be evidenced by the Option Agreement for the NSO between the Company and the Participant. Each SAR awarded to Participants under the Plan shall be subject to the following express terms and conditions and to such other terms and conditions, not inconsistent with the Plan, as the Committee shall deem appropriate:

(a) TERMS OF SARS. Each SAR shall terminate on the same date as the related NSO. The SAR shall be exercisable only if the Fair Market Value of a share of Common Stock on the date of surrender exceeds the Option Price for the related Option, and then shall be exercisable to the extent, and only to the extent, that the related Option is exercisable. The SAR shall entitle the Participant to whom it is granted the right to elect, so long as such SAR is exercisable and subject to such limitations as the Committee shall have imposed, to surrender any then exercisable portion of his related Option, in whole or in part, and receive from the Company in exchange, without any payment of cash (except for applicable employee withholding taxes), that number of shares of Common Stock having an aggregate Fair Market Value on the date of surrender equal to the product of (i) the excess of the Fair Market Value of a share of Common Stock on the date of surrender over the per share Option Price, and (ii) the number of shares of Common Stock subject to such Option or portion thereof which is surrendered. Any Option or portion thereof which is surrendered shall no longer be exercisable. The Committee, in its sole discretion, may allow the Company to settle all or part of the Company's obligation arising out of the exercise of an SAR by the payment of cash equal to the aggregate Fair Market Value of the shares of Common Stock which the Company would otherwise be obligated to deliver.

(b) OTHER CONDITIONS. If a Participant is subject to Section 16(a) and Section 16(b) of the Exchange Act, the

Committee may at any time add such additional conditions and limitations to such SAR which the Committee, in its discretion, deems necessary or desirable in order to comply with Section 16(a) or Section 16(b) of the Exchange Act and the rules and regulations issued thereunder, or in order to obtain any exemption therefrom.

8. VESTING. A Participant may not exercise an Option or surrender an SAR until it has become vested. The portion of an Option or SAR award that is vested depends upon the period that has elapsed since the Option Date. Unless the Committee establishes a different vesting schedule at the time when an Option is granted or the SAR is awarded, all Options granted and SARs awarded under this Plan shall vest according to the following schedule:

Period Elapsed	Vested Percentage
First Anniversary of Option Date	20%
Second Anniversary of Option Date	40%
Third Anniversary of Option Date	60%
Fourth Anniversary of Option Date	80%
Fifth Anniversary of Option Date	100%

Except as provided below, upon Termination of Employment, for any reason, a Participant shall forfeit any Options and SARs that are not vested on the date of Termination of his Employment. Unless the Committee in its sole discretion specifically waives the application of this sentence, then notwithstanding the vesting schedule contained herein or in the Participant's Option Agreement, upon Termination of Employment of a Participant for Cause, all Options and SARs granted or awarded to the Participant will be immediately cancelled and forfeited by the Participant upon delivery to him of notice of such termination.

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

10. CHANGES IN CAPITAL STRUCTURE. If there is any change in the capital structure of the Company, the Committee may, in its sole discretion, make any adjustments necessary to prevent accretion, or to protect against dilution, in the number and kind of shares authorized by the Plan and, with respect to outstanding Options and/or SARs, in the number and kind of shares covered thereby and in the applicable Option Price. For the purpose of this paragraph 10, a change in the capital structure of the Company

includes, without limitation, any change resulting from a recapitalization, stock split, stock dividend, consolidation, rights offering, spin-off, reorganization, or liquidation and any transaction in which shares of Common Stock are changed into or exchanged for a different number or kind of shares of stock or other securities of the Company or another corporation.

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

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

13. WITHHOLDING TAX. The Company or Designated Subsidiary, if any, may take such steps as it may deem necessary or appropriate for the withholding of any taxes which the Company or the Designated Subsidiary, if any, is required by any law or regulation or any governmental authority, whether federal, state or local, domestic or foreign, to withhold in connection with any Option or SAR including, but not limited to, the withholding of all or any portion of any payment or the withholding of issuance of shares of Common Stock to be issued

upon the exercise of any Option or SAR until the Participant reimburses the Company or Designated Subsidiary, if any, for the amount the Company or Designated Subsidiary, if any, is required to withhold with respect to such taxes, or cancelling any portion of such award in an amount sufficient to reimburse itself for the amount it is required to so withhold.

14. NO RIGHT TO EMPLOYMENT. Participation in the Plan will not give any Participant a right to be retained as an employee of the Company or any Subsidiary, or any right or claim to any benefit under the Plan, unless the right or claim has specifically accrued under the Plan.

15. AMENDMENT OF THE PLAN. The Board may from time to time alter, amend, suspend or discontinue this Plan, including, where applicable, any modifications or amendments as it shall deem advisable in order that ISOs will be classified as incentive stock options under the Code, or in order to conform to any regulation or to any change in any law or regulations applicable thereto, including any changes required to comply with the Exchange Act or any rules or regulations issued thereunder; provided, however, that no such action shall, without the approval of holders affected thereby, adversely affect the rights and obligations of such holders with respect to Options at any time outstanding under this Plan; and provided further that no such action shall, without the approval of the stockholders of the Company, (i) increase the

maximum number of shares of the Common Stock that may be made subject to Options (unless necessary to effect the adjustments required by paragraph 10), (ii) materially increase the benefits accruing to Participants under this Plan, or (iii) materially modify the requirements as to eligibility for participation in this Plan.

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

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

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

(c) subject to the express provisions of the Plan, to determine the individuals who will receive awards of Options or SARs, the times when they will receive them, the number of shares to be subject to each award and the Option Price, payment terms, payment method, and expiration date applicable to each award;

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

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

(f) to determine the form in which payment of an SAR award granted hereunder will be made (i.e., cash, Common Stock or a combination thereof) or to approve a participant's election to receive cash in whole or in part in settlement of the SAR award; and

(g) to determine the form in which tax withholding under Section 13 of this Plan will be made.

17. TERMINATION OF PLAN. In the event of dissolution or liquidation of the Company, or upon any reorganization, merger or consolidation of the Company with one or more corporations where the Company is the surviving corporation and the stockholders of the Company immediately prior to such transaction do not own at least fifty percent (50%) of the issued and outstanding Common Stock

immediately after such transaction, or upon any reorganization, merger or consolidation of the Company with one or more corporations where the Company is not the surviving corporation, or upon a sale of substantially all of the assets of the Company to another corporation or entity or upon the sale of Common Stock to another person or entity in one or a series of transactions with the result that such person or entity owns more than fifty percent (50%) of the issued and outstanding Common Stock immediately after such sale(s), the Plan and all Options and SARs

outstanding under the Plan shall terminate on the effective date of the transaction (or, in the event of a tender offer resulting in the sale of fifty percent (50%) or more of the outstanding Common Stock (a "Tender Offer"), thirty (30) days after the final expiration of the Tender Offer. Any Options and SARs theretofore granted and outstanding under the Plan shall become immediately vested and exercisable in full at such time as the approval of the transaction by the Board, or the final expiration of any Tender Offer (notwithstanding any performance, vesting or other criteria contained therein), and shall remain exercisable until the effective date of such transaction or thirty (30) days after the final expiration of the Tender Offer, whichever is applicable (unless the Option or SAR would otherwise expire by its own terms on an earlier date). The Company shall give each optionee written notice at least five (5) days prior to the effective date of any termination of the Plan as a result of a transaction described above in order to permit the optionee to exercise his Options prior to the effective date of termination. Any Option not exercised by the effective date of a transaction described above shall terminate on such date.

18. APPLICATION OF SECTION 16. With respect to persons subject to Section 16 of the 1934 Act, transactions under this Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successors under the 1934 Act. To the extent any provision of this Plan or action by the Committee fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Committee.

19. STOCK RESTRICTIONS. The Board may provide that shares of Common Stock issuable upon the exercise of a Option be subject to various restrictions, including restrictions which provide that the Company has a right to prohibit sales of such shares of Common Stock, a right of first refusal with respect to such shares of Common Stock or a right or obligation to repurchase all or a portion of such shares of Common Stock, which restrictions may survive a Participant's term of employment with the Company. The acceleration of time or times at which the Option becomes exercisable may be conditioned upon the Participant's agreement to such restrictions.

20. NONEXCLUSIVITY OF THIS PLAN. Neither the adoption of this Plan by the Board nor the submission of this Plan to stockholders of the Company for approval shall be construed as creating any limitations on the power or authority of the Board to adopt such other or additional incentive or other compensation arrangements of whatever nature as the Board may deem necessary or desirable or preclude or limit the continuation of any other plan, practice or arrangement for the payment of compensation or fringe benefits to employees generally, or to any class or group of employees, which the Company or any Designated Subsidiary, if any, has lawfully put into effect, including, without limitation, any retirement, pension, savings and stock purchase plan, insurance, death and disability benefits and executive short-term incentive plans.

21. STOCKHOLDER APPROVAL. Continuance of the Plan shall be subject to approval by the stockholders of the Company within 12 months before or after the date the Plan is adopted by the Board.

22. CONDITIONS UPON ISSUANCE OF SHARES. An Option or SAR shall not be exercisable, and a share of Common Stock shall not be issued pursuant to the exercise of an Option or SAR until such time as the Plan has been approved by the Stockholders of the Company and unless the exercise of such Option and the

issuance and delivery of such share pursuant thereto shall comply with all relevant provisions of law, including, without limitation, the Securities Act, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares of Common Stock may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance. As a condition to the exercise of an Option or SAR, the Company may require the person exercising such Option to represent and warrant at the time of any such exercise that the Common Stock is being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned relevant provisions of law.

23. RULES OF CONSTRUCTION.

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

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

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

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

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

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

24. EFFECTIVE DATE. This Plan is effective as of the later of the date of its adoption by the Board, or the date it is approved by the stockholders of the Company, pursuant to Section 21.

EXHIBIT 10.3

STARTEK, INC.
DIRECTORS' STOCK OPTION PLAN

This Directors' Stock Option Plan ("Plan") is adopted effective as of January 27, 1997, by StarTek, Inc., a Delaware corporation (the "Company").

1. PURPOSE. The Company desires to establish the Plan for the purpose of encouraging Non-Employee Directors to continue with and promote the success of the Company by permitting them to acquire a proprietary interest in the Company through automatic grants of nonqualified stock options.

2. DEFINITIONS.

2.1 "Board" or "Board of Directors" means the board of directors of the Company.

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

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

2.4 "Common Stock" means the common stock of the Company, \$0.01 par value.

2.5 "Company" means StarTek, Inc., a Delaware corporation, and any successor thereto.

2.6 "Director" means a member of the Board.

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

2.8 "Fair Market Value" means for the relevant day:

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

(b) If the Common Stock is not listed or admitted to unlisted trading privileges as provided in subparagraph (a) above, and if sales prices for shares of Common Stock are reported by the National Association of Securities Dealers, Inc. Automated Quotations, Inc. National Market System

("NASDAQ System"), then the last sale price for Common Stock reported as of the close of business on the day Fair Market Value is to be determined, or if no such sale takes place on that day, the average of the high bid and low asked prices so reported; if Common Stock is not traded on that day, the next preceding day on which such stock was traded; or

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

2.9 "Non-Employee Director" means a Director who satisfies the definitional requirements for a "Non-Employee Director" as set forth in Rule 16b-3(b)(3)(i) promulgated under the Exchange Act, as it exists now or from time to time may hereafter be amended.

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

2.11 "Option Date" means the date upon which an Option is granted to a Participant under the Plan under paragraph 5 below.

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

2.13 "Participant" means an individual Non-Employee Director who satisfies the requirements of paragraph 3 below for the grant of an Option.

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

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

2.16 "Subsidiary" means any corporation or other entity which is a subsidiary of the Company as defined in Section 424(f) of the Code.

3. ELIGIBILITY AND PARTICIPATION. In order to become and continue as a Participant, a Non-Employee Director must satisfy all of the following as of each Option Date:

(a) The Non-Employee Director must have been elected to serve as a Director effective prior to the Option Date;

(b) The Non-Employee Director must satisfy the definitional requirements for a Non-Employee Director as of such Option Date; and

(c) The Non-Employee Director must have served on the Board continuously since the commencement of his or her term.

4. COMMON STOCK SUBJECT TO THE PLAN. Except as otherwise provided in paragraph 8 below, the aggregate number of shares of Common Stock that may be issued under Options under this Plan may not exceed 90,000 shares of Common Stock. If any awards hereunder shall terminate or expire, as to any number of shares, new Options may thereafter be awarded with respect to such shares.

5. GRANT OF STOCK OPTIONS. Subject to the limitation in paragraph 4 above, each Participant shall be automatically granted an Option to acquire 10,000 shares of Common Stock effective upon the later of (i) his or her election as a Director or (ii) the closing of an initial public offering of the Common Stock. In addition, each Participant shall be automatically granted an Option to acquire 3,000 shares of Common Stock effective upon each date that the Participant is subsequently reelected as a Director at an annual meeting of the stockholders of the Company held each year after the Participant's initial election as a Director. Each Option shall be subject to the following express terms and conditions:

(a) OPTION PERIOD. Options may be exercisable upon the grant thereof. Each Option will expire as of the earliest of:

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

(ii) ten (10) years from the Option Date; or

(iii) the date one (1) year after the Participant's death.

(b) OPTION PRICE. Options granted effective as of the closing of an initial public offering shall have an exercise price equal to the offering price in such offering. Options granted thereafter shall have an exercise price equal to Fair Market Value of the Common Stock on the Option Date.

6. VESTING. Each Option shall be fully vested on the Option Date.

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

8. CHANGES IN CAPITAL STRUCTURE. If there is any change in the capital structure of the Company, the Board may, in

its sole discretion, (i) determine that the aggregate number of shares of Common Stock that may be issued under Options under this Plan and the number and kind of shares covered by and applicable Option Price with respect to any Options then outstanding hereunder are not subject to adjustment under this paragraph 8 as a result of such change in capital structure or (ii) make any adjustments necessary to prevent accretion, or to protect against dilution, in the number and kind of shares authorized by the Plan and, with respect to outstanding Options, in the number and kind of shares covered thereby and in the applicable Option Price. The Board by resolution or resolutions shall set forth its determination regarding an adjustment or adjustments, if any, under this paragraph 8. For the purpose of this paragraph 8, a change in the capital structure of the Company includes, without limitation, any change resulting from a recapitalization, stock split, reverse stock split, stock dividend, consolidation, rights offering, spin-off, reorganization, or liquidation and any transaction in which shares of Common Stock are changed into or exchanged for a different number or kind of shares of stock or other securities of the Company or another corporation.

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

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

11. WITHHOLDING TAX. The Company may take such steps as it may deem necessary or appropriate for the withholding of any taxes which the Company is required by any law or regulation or any governmental authority, whether federal, state or local, domestic or foreign, to withhold in connection with any Option including, but not limited to, the withholding of all or any portion of any payment or the withholding of issuance of shares of Common Stock to be issued upon the exercise of any Option until the Participant reimburses the Company for the amount the Company is required to withhold with respect to such taxes, or cancelling any portion of such award in an amount sufficient to reimburse itself for the amount it is required to so withhold.

12. NO RIGHT TO REELECTION. Participation in the Plan will not give

any Participant a right to be reelected as a Director, or any right or claim to any benefit under the Plan, unless the right or claim has specifically accrued under the Plan.

13. AMENDMENT OF THE PLAN. The Board may from time to time alter, amend, suspend or discontinue this Plan, including, where applicable, any modifications or amendments as it shall deem advisable in order to conform to any regulation or to any change in any law or regulations applicable thereto, including any changes required to comply with the Exchange Act or any rules or

regulations issued thereunder; provided, however, that no such action shall, without the approval of holders affected thereby, adversely affect the rights and obligations of such holders with respect to Options at any time outstanding under this Plan; provided further, that stockholder approval of any amendment shall be required if necessary for the Company to comply with the rules of any exchange or over the counter market.

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

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

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

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

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

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

(f) to determine the form in which tax withholding under paragraph 11 above will be made.

15. TERMINATION OF PLAN. In the event of dissolution or liquidation of the Company, or upon any reorganization, merger or consolidation of the Company with one or more corporations where the Company is the surviving corporation and the stockholders of the Company immediately prior to such transaction do not own at least fifty percent (50%) of the issued and outstanding Common Stock immediately after such transaction, or upon any reorganization, merger or consolidation of the Company with one or more corporations where the Company is not the surviving corporation, or upon a sale of substantially all of the assets of the Company to another corporation or entity or upon the sale of Common Stock to another person or entity in one or a series of transactions with the result that such person or entity owns more than fifty percent (50%) of the issued and outstanding Common Stock immediately after such sale(s), the Plan and all Options outstanding under the Plan shall terminate on the effective date of the transaction (or, in the event of a tender offer resulting in the sale of fifty percent (50%) or more of the outstanding Common Stock (a "Tender Offer"), thirty (30) days after the final expiration of the Tender Offer). Any Options theretofore granted and outstanding under the Plan shall be exercisable in full at such time as the approval of the transaction by the Board, or the final expiration of any Tender Offer, and shall remain exercisable until

the effective date of such transaction or thirty (30) days after the final

expiration of the Tender Offer, whichever is applicable (unless the Option would otherwise expire by its own terms on an earlier date). The Company shall give each optionee written notice at least five (5) days prior to the effective date of any termination of the Plan as a result of a transaction described above in order to permit the optionee to exercise his Options prior to the effective date of termination. Any Option not exercised by the effective date of a transaction described above shall terminate on such date.

16. APPLICATION OF SECTION 16. With respect to persons subject to Section 16 of the 1934 Act, transactions under this Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successors under the 1934 Act. To the extent any provision of this Plan or action by the Board fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Board.

17. STOCKHOLDER APPROVAL. Continuance of the Plan shall be subject to approval by the stockholders of the Company within 12 months before or after the date the Plan is adopted by the Board.

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

19. RULES OF CONSTRUCTION.

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

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

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

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

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

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

20. EFFECTIVE DATE. This Plan is effective as of the later of the date of its adoption by the Board, or the date it is approved by the stockholders of the Company, pursuant to paragraph 17 above.

EAST MERCIA DEVELOPMENTS LIMITED

(In Receivership)

- and -

STARPAK INTERNATIONAL, LTD.

- and -

STARPAK INC

L E A S E

relating to

Block A Sovereign Park
Brenda Road
Hartlepool Cleveland

Dibb Lupton Broomhead
125 London Wall
LONDON
EC2Y 5AE

Date of Original: 06.05.93
Date of Version: 02.06.93
Version No.: 3

Tel: 071 600 0202
Fax: 071 600 1753

THIS LEASE which is made the 17th day of June 1993 BETWEEN

- (1) EAST MERCIA DEVELOPMENTS LIMITED (IN RECEIVERSHIP) of 51 Grays Inn Road London WC1 acting by NIGEL CAMERON WHEELER and DAVID PATRICK KING both c/o Nelsen Bakewell of Westland House 17c Curzon Street London W1 ("the Receivers") ("the Landlord") and
- (2) STARPAK INTERNATIONAL, LTD. whose office is at Block A Sovereign Park

Hartlepool Cleveland ("the Tenant") and

(3) STARPAK INC of 100 Garfield Street Fourth Floor Denver Colorado 80206 USA
("the Surety")

WITNESSES THAT:

1. DEFINITIONS

1.1 In this Lease unless the context requires otherwise the following words and expressions have the meanings set out below:

- "Access Road" means the roads coloured yellow on Plan II
- "Building" means any building or buildings from time to time on the demised premises and reference to the Building includes reference to any part of it
- "Conduits" means and includes pipes mains sewers drains conduits inspection chambers manholes pumping stations stopcocks wires cables ducts meters channels and other conducting media or similar apparatus
- "demised premises" means the land described in the First Schedule hereto and each and every part thereof together with the appurtenances thereto belonging and together also with any buildings and each and every part thereof now or hereafter erected or in the course of erection thereon or on any part thereof together with all additions alterations and improvements thereto which

may be carried out during the term
- "Insured Risks" means and includes loss or damage by fire storm tempest flood lightning explosion riot civil commotion and malicious damage impact aircraft (other than hostile aircraft) and (except in time of war) articles dropped therefrom acts of terrorism bursting and overflowing of water tanks apparatus and pipes and such other perils as the Landlord shall reasonably require
- "Estate" means the land shown edged blue on Plan II
- "Landlord" shall include the person for the time being entitled to the reversion immediately expectant on the determination of the term
- "Landlord's Surveyor" means the Surveyor appointed by the Landlord from time to time for the purpose of this Lease who may be employed by the Landlord or an associated company of the Landlord
- "Lease" means this Underlease and includes where relevant any deed of variation licence consent or other document supplemental to this Lease
- "Planning Acts" means the Town and Country Planning Acts for the time being in force and any order instrument plan regulation permission and direction made or issued thereunder or deriving validity therefrom
- "Plan I" means the plan attached hereto marked "Plan I"

"Plan II" means the plan attached hereto marked "Plan II"

-2-

"Plan III" means the plan attached hereto marked "Plan III"

"Prescribed Rate" means two per centum per annum above National Westminster Bank PLC base rate current from day to day or in the event of the said base rate ceasing to exist such other reasonable rate of interest as the Landlord may properly from time to time in writing specify

"Surety" includes any successors in title of the Surety

"Tenant" shall include the successors in title permitted assigns and Personal Representatives of the Tenant

"Term" means the term of years hereby created together (in the case of Starpak International Limited only) with any statutory continuation or extension thereof

"Unit" means one of the three units comprising part of the Premises and marked "I" or "II" or "III" on Plan III

"VAT" means value added tax and any other tax supplementing or replacing it

1.2 Where any part hereto consists of two or more individuals or companies any obligations stated or implied to be made by or with any of them shall be deemed to be made by or with them jointly and severally

1.3 Any reference to any Act of Parliament includes a reference to that Act as amended or replaced from time to time and to any subordinate legislation made thereunder

1.4 The marginal headings shall not affect the interpretation of this Lease

-3-

1.5 The singular includes the plural and vice versa and the masculine includes the feminine and neuter and vice versa

1.6 Any covenant by a Tenant not to do any act or thing shall be deemed to include an obligation not to do or permit or suffer such act or thing to be done

2. DEMISE

In consideration of the rents and covenants hereinafter reserved and contained the Landlord hereby DEMISES unto the Tenant ALL THAT the demised premises TOGETHER WITH (insofar as the Landlord has power to grant the same) the rights set out in the Second Schedule hereto EXCEPT AND RESERVING as mentioned in the Third Schedule hereto TO HOLD the same unto the Tenant for a term of FIVE YEARS from the 30th day of April 1993 SUBJECT TO:-

2.1 all rights of light and air and all other rights easements quasi-easements and privileges to which the demised premises are or may be

subject; and

- 2.2 with the benefit of (insofar as the same relate to or affect the demised premises and not other premises) the provisions or matters contained or referred to in the documents referred to in the Fourth Schedule hereto

YIELDING AND PAYING therefor yearly during the term:

- 2.3 (a) during the first year of the term the clear yearly rent of L70,000 (SEVENTY THOUSAND POUNDS)
- (b) during each of the second, third and fourth years of the term the clear yearly rent of L80,000 (EIGHTY THOUSAND POUNDS) and
- (c) during the fifth year of the term the clear yearly rent of L82,500 (EIGHTY-TWO THOUSAND FIVE HUNDRED POUNDS)

to be paid by equal quarterly payments in advance on the usual quarter days in every year the first of such payments being a proportionate payment to be paid on the execution hereof in respect of the period from the 1st day of December 1993 to the 28th day of February 1994

- 2.4 by way of further rent on demand (at the election of the Landlord made at any time) either a fair and proper proportion (as determined by the Landlord's Surveyor whose reasonable decision shall be binding upon the

-4-

Tenant) of the sum or sums which the Landlord shall from time to time pay by way of premium for insuring the Estate or the cost to the Landlord of insuring the buildings comprised in the demised premises and all fixtures of an insurable nature (other than those which the Tenant is entitled to remove) in either case for the full reinstatement value thereof (such costs to include any reasonable costs in valuing the Estate or the said buildings and fixtures for the purposes of assessing the sum for which they should be insured provided that such valuation shall occur not more than once in every three years) against (insofar as such risks are insurable) the insured risks and including Architects' and Surveyors' fees demolition and site clearance charges and three years' loss of rent during the period covered by the insurance (such costs to include any reasonable costs incurred in valuing the Building and demised premises for the purpose of assessing the amount for which they should be insured)

- 2.5 the sums referred to in clause 3.2

- 2.6 a service charge calculated and paid in accordance with the provisions of the Fifth Schedule hereto

3. THE TENANT'S COVENANTS

The Tenant HEREBY COVENANTS with the Landlord as follows:

- 3.1 Rent
- (a) to pay the rents hereinbefore reserved at the time and in the manner aforesaid without any deduction or set-off
- (b) if any rent or further rent or other payment hereby reserved or made payable hereunder or any part thereof is unpaid fourteen days after the same becomes due under the provisions herein contained (notwithstanding such non-payment results from the Landlord's reasonable refusal to accept such rent or further rent or other payment by reason of any alleged or actual breach

of any of the terms of this Lease by the Tenant) to pay by way of further rent (but without prejudice to any right of action or remedy of the Landlord for the recovery of the same) interest on such sum calculated on a day to day basis at the Prescribed Rate from the date when such payment becomes due to the actual date of payment such interest to be payable by the Tenant to the Landlord on demand

-5-

3.2 Outgoings

to pay all rates taxes duties charges assessments outgoings and impositions whatsoever which now are or shall at any time hereafter during the term be charged assessed or imposed upon the demised premises or any part thereof or upon the owner or occupier thereof and without prejudice to the generality of the foregoing words the Tenant shall pay and discharge any VAT which might arise in respect of any sum which the Tenant may by law or under the provision of this Lease be required to pay to the Landlord PROVIDED THAT if any of such rates or taxes and other outgoings as aforesaid are or at any time during the term shall be charged assessed or imposed in respect of the demised premises in common with other premises and not separately the Tenant will on demand pay to the Landlord a due proportion thereof calculated on a pro rata basis on the ratio of the floor area of the demised premises to the lettable floor area assessed to be determined by the Landlord's Surveyor (whose reasonable decision shall be binding on the Tenant) and to be recoverable as rent in arrears

3.3 Repair

- (a) to keep the demised premises in good and substantial repair and condition (except damage caused by any of the insured risks to the extent that the Landlord is entitled and able to recover the cost of making good such damage from its insurers)
- (b) to keep in good working order and to renew as often as may be necessary all dock levellers boilers refrigeration and air handling equipment compressors refrigerant smoke detectors fire alarms and fire fighting equipment lightning protectors heating and lighting systems ventilators (in each case if any) and other plant or machinery installed in the demised premises from time to time and to cause each of those items to be inspected and overhauled by some competent person as often as shall be reasonably necessary
- (c) to give notice in writing to the Landlord of any relevant defect in or affecting the demised premises within the meaning of the Defective Premises Act 1972 immediately the same comes to the notice of the Tenant or any agent of or servant of the Tenant

-6-

3.4 External Decoration

as often as may be necessary but not less often than in every third year of the term and also during the last year thereof (however the same may be determined) but in any event not more than once in any twelve month period to paint in a proper and workmanlike manner with two coats of good quality paint all outside parts of the demised premises previously or usually painted or which ought to be painted and with every such outside painting to polish all outside parts of the woodwork usually polished and to wash down and to restore paint make good or otherwise treat as may be appropriate any outside finishes and generally to carry out all such works with good and proper materials and in accordance with proper standards of

workmanship all colours and styles of decoration to be previously approved in writing by the Landlord (such approval not to be unreasonably withheld or delayed)

3.5 Internal Decoration

as often as may be necessary but not less often than in every fifth year during the term and also during the last year thereof (howsoever the same may be determined) to paint with two coats at least of good quality paint and well and sufficiently to grain varnish paper plaster whiten distemper or otherwise treat as appropriate all the interior parts of the demised premises as were previously or are usually or ought to be grained varnished papered whitened distempered or otherwise treated and generally to redecorate restore and make good the demised premises and to carry out all such works with good and proper materials in accordance with proper standards of workmanship all colours and styles of decorations to be previously approved in writing by the Landlord such approval not to be unreasonably withheld or delayed

3.6 Permit Landlord to View

to permit the Landlord and its Agents at all reasonable times convenient to the Tenant during the term with or without all necessary workmen on giving reasonable notice (except in case of emergency) to the Tenant to enter upon the demised premises to view the state of repair and condition thereof and to take a schedule of the Landlord's fixtures and of any dilapidations and to inspect the same for the purpose of assessing the sum for which they should be insured and to exercise the rights herein reserved

-7-

3.7 Notice to Repair

well and substantially to commence to repair and proceed with all due diligence to make good all defects and wants of reparation of which notice in writing shall be served upon the Tenant by the Landlord pursuant to clause 7.2 hereof and for which the Tenant is liable hereunder within one calendar month after the giving of such notice or forthwith in the case of emergency and if the Tenant fails to comply with any such notice it shall be lawful (but not obligatory) for the Landlord (but without prejudice to the right of re-entry hereinafter contained) to enter upon the demised premises to make good the same at the cost of the Tenant which reasonable cost shall be repaid by the Tenant to the Landlord within 14 days of demand together with all reasonable professional charges and other expenses which may be incurred by the Landlord in connection therewith together with interest thereon in each case from the date of payment by the Landlord at the Prescribed Rate

3.8 Entry to View

at all times convenient to the Tenant during the term hereby granted and upon reasonable notice in the event of the Landlord wishing to sell lease or otherwise deal with its estate in the demised premises to permit persons with written authority from the Landlord or its Agents at reasonable times of the day to view the demised premises and during the six months immediately preceding the termination of the term hereby granted (however determined) to permit the Landlord to affix and retain without interference upon the demised premises (without interference to the windows or any signs on the demised premises) a notice for sale of or re-letting the same

3.9 Not to vitiate insurance

(a) not to bring or permit to be brought into the demised premises or

to place or store or permit to be placed or stored or to remain in or about the demised premises any article or thing which is or may become dangerous or offensive and not to carry on or do or permit to be carried on or done thereon any hazardous trade or act in consequence of which the Landlord's insurance would or might be vitiated or prejudiced and not without the written consent of the Landlord which shall not be unreasonably withheld to do or allow to be done anything whereby any

-8-

additional premium may become payable in respect of any adjoining or neighbouring property of the Landlord and to indemnify and keep the Landlord indemnified against any such additional premium

- (b) not to do or suffer to be done any act matter or thing whatsoever whereby the insurance effected by the Landlord in pursuant of its obligations hereunder shall be void or voidable
- (c) to comply with all requirements of the insurers made under such insurance
- (d) not to effect any separate insurance of the demised premises against loss or damage by any of the insured risks to the intent that all insurances against such loss or damage as aforesaid shall be effected only by the Landlord in accordance with its covenants under this Lease
- (e) in the event of the demised premises or any adjoining or neighbouring premises of the Landlord or any part thereof being destroyed or damaged by any insured risk and the insurance monies under any insurance against the same effected thereon by the Landlord being wholly or partially irrecoverable by reason solely or in part of any act or default of the Tenant or the Tenant's servants or agents then in every such case the Tenant will within 14 days of demand pay to the Landlord the whole or (as the case may require) the irrecoverable proportion of the cost (including reasonable and proper professional and other fees) of completely making good such destruction or damage to the Landlord's reasonable satisfaction

3.10 Not to overload demised premises

not to place or keep or permit to be placed or kept in the demised premises any heavy articles in such position or in such quantity or weight or otherwise in such manner howsoever as to overload or cause damage to or to be in the reasonable opinion of the Landlord likely to overload or cause damage to the demised premises

3.11 Not to cause nuisance

- (a) not to carry on or use or permit the demised premises to be used for any noisy offensive or

-9-

dangerous trade manufacture business or occupation or for any illegal or immoral purpose nor to do or suffer to be done on the demised premises any act matter or thing whatsoever which in the proper opinion of the Landlord may be or tend to become an

annoyance nuisance damage disturbance or inconvenience or to the prejudice of the Landlord or of the owners or occupiers of any adjoining or neighbouring premises or any of them

- (b) not to use or suffer the demised premises or any part thereof to be used for residential purposes

3.12 Not to prejudice Landlord's tax allowance

not to use the demised premises for any use which would prejudice the entitlement of the Landlord to receive a tax allowance in respect of the construction costs of the demised premises under the provisions of the Capital Allowances Act 1990 or any modification or re-enactment thereof for the time being in force

3.13 Permitted Use

not to use or permit the demised premises to be used otherwise than as for a use falling within Class B(1) or Class B(8) of the Town and Country Planning (Use Classes) Order 1987 and ancillary offices

3.14 Not to permit sale by auction

not to permit any sale by auction on the demised premises

3.15 Not to make alterations

- (a) not to alter cut maim injure or remove any of the principal or load bearing walls floors beams or columns of the demised premises nor to make any other alterations or additions of a structural nature to the demised premises
- (b) not to merge the demised premises with any adjoining premises nor to erect any new building or erection on the demised premises
- (c) not to make or permit to suffer to be made any alteration or additions (whether structural or non-structural) to the exterior of the demised premises

-10-

- (d) not to make or permit or suffer to be made any internal alterations or additions of a structural or non-structural nature to the demised premises save with the consent in writing of the Landlord (such consent not to be unreasonably withheld or delayed) provided always that the Landlord may as a condition of giving any such consent require the Tenant to enter into such covenants with the Landlord as the Landlord may reasonably require as regards the execution of any such works and the reinstatement of the demised premises at the end or sooner determination of the term
- (e) not without the Landlord's prior written consent (such consent not to be unreasonably withheld or delayed) at any time during the term to make any alterations or additions to the electrical installations of the demised premises save in accordance with the terms and conditions laid down by the Institution of Electrical Engineers and the regulations of the Electricity Supply Authority
- (f) In the event of the Tenant failing to observe these covenants it shall be lawful for the Landlord and its agents or surveyors with or without workmen and others and all person authorised by the Landlord with all necessary materials and appliances to enter upon the demised premises and remove any alterations or additions

and execute such works as may be necessary to restore the demised premises to their former state and the costs and expenses thereof (including surveyors' and other reasonable and proper professional fees) shall be paid by the Tenant to the Landlord within 14 days of demand

3.16 Not to create easements

not knowingly by building or otherwise to stop up or darken any window or light in the demised premises nor knowingly to stop up or obstruct any access of light enjoyed to any premises the estate or interest whereof in possession or reversion now is or hereafter may be in the Landlord or in any person in trust for the Landlord nor to permit any new wayleave easement privilege or encroachment to be made or acquired into or against or upon the demised premises and in case any such wayleave easement right privilege or encroachment shall be made or attempted to be made to give notice

-11-

thereof to the Landlord as soon as the same shall come to the notice of the Tenant and permit the Landlord and its Agents to enter upon the demised premises for the purpose of ascertaining the nature of any such wayleave easement right privilege or encroachment and at the request and cost of the Landlord to adopt such means as may be reasonably required or deemed proper for preventing any such encroachment or the acquisition of any such wayleave easement right or privilege

3.17 Not to give acknowledgements

to use the reasonable endeavours of the Tenant to prevent any easement or right belonging to or used with the demised premises from being obstructed or lost and not knowingly or negligently to do anything whereby any encroachment or easement may be made or acquired on against or over the demised premises or any part thereof except with the consent or by the direction of the Landlord and in case any encroachment or easement shall be made or acquired or attempted to be made or acquired or in case any notice under the Rights of Light Act 1959 shall be registered against the demised premises or any structure which might affect the light or air to the windows or apertures of the demised premises is erected or attempted to be erected to give notice thereof to the Landlord as soon as the same shall come to the notice of the Tenant and to permit the Landlord to bring such proceedings as it may think fit in the name of and at the cost of the Tenant or to adopt such other means as the Landlord deems to be reasonably required or proper for preventing any such encroachment or the acquisition of any such easement or obtaining the removal of such notice or structure as the case may be

3.18 Alienation

- (a) subject as hereinafter mentioned not to assign nor charge any part of the demised premises (as distinct from the whole) nor share possession or occupation of the whole or any part of the demised premises provided that the Tenant may share the occupation of the whole or any part of the demised premises with a company which is a member of the same group as the Tenant (within the meaning of S.42 of the Landlord and Tenant Act 1954) so long as both companies shall remain members of that group and so long as no legal estate is created

- (b) not to hold on trust the demised premises or any part thereof (except in the case of joint tenants beneficially entitled)
- (c) not to underlet any part of the demised premises (as distinct from the whole) nor to assign underlet charge or part with possession or occupation of the whole of the demised premises unless each of the following conditions are fulfilled:
 - (i) the transaction (other than a charge) is effected by way of legal assignment or underletting;
 - (ii) in the case of an assignment the proposed assignee enters into a direct covenant with the Landlord to perform and observe the Tenant's covenants contained in this Lease (including this sub-clause) during the residue of the term;
 - (iii) in the case of an underletting the proposed undertenant enters into a direct covenant with the Landlord to perform and observe the Tenant's covenants contained in this Lease (except the covenant to pay the rent reserved by this Lease but including this sub-clause) during the term created by the Underlease;
 - (iv) if the proposed assignee or undertenant is a private limited liability company and if the Landlord shall reasonably so require a guarantor or guarantors of suitable standing shall stand surety for the performance of its obligations to the Landlord and enter into such covenant with the Landlord as the Landlord reasonably requires;
 - (v) in the case of an underletting the rent reserved by the Underlease is not less than that proportion of the rent payable under this Lease at the date of execution of the Underlease or the full market rack rental value of the demised premises (obtainable without taking a fine or premium) at that date (whichever is the higher) as the Gross Internal Area (as defined in the RICS Code of Measuring Practice) of the premises comprised in

the proposed Underlease bears to the Gross Internal Area (defined as aforesaid) of the Building

- (vi) in the case of an underletting the Underlease contains a covenant on the part of the Undertenant in the terms of this sub-clause and is otherwise in a form approved by the Landlord (such approval not to be unreasonably withheld)
- (vii) in the case of an underletting of part the Tenant and the proposed undertenant (if required by the Landlord) have obtained an order of the Court authorising them to enter into an agreement excluding the provisions of Sections 24 to 28 of the Landlord and Tenant Act 1954 in relation to the proposed Underlease and have entered into such an agreement;
- (viii) the Landlord has consented in writing to the proposed transaction (such consent not to be unreasonably withheld or delayed)

- (ix) in the case of an underletting of part only of the demised premises the provision of sub-paragraph 3.18(d) are complied with
 - (x) the case of an underletting of part only of the demised premises the Underlease contains provisions enabling the superior landlord (being the Landlord hereunder) to call upon the Landlord under the Underlease (being the Tenant hereunder) to validly terminate the Underlease on the same date as is referred to in Clause 6.9 hereof in the event of the Tenant hereunder exercising its rights under clause 6.9 hereof
- (d) additional provisions relating to an underletting of part only of the demised premises are:
- (i) any such underlease shall comprise one or more Units and

-14-

- (ii) the total number of such underleases which may subsist at any one time during the term shall not exceed three and
- (iii) any such underlease shall contain provisions enabling the Tenant (as lessor) to recover from the undertenant a due proportion of the rent payable by the Tenant hereunder in respect of the insurance of the demised premises and of the cost to the Tenant of repairing decorating and operating the demised premises and
- (iv) any such underlease shall preclude further underletting of all or part of the underlet premises
- (v) not without the consent in writing of the Landlord such consent not to be unreasonably withheld to waive or vary any of the terms or conditions contained in an approved Underlease but to enforce the same as often as the occasion shall arise
- (vi) within one month after any assignment underletting devolution or disposition of the demised premises to give notice thereof to the Landlord and to supply the Landlord with a copy of the instrument which effects or evidences the same and to apply to the Landlord's Solicitors for the time being a reasonable fee (not less than L25.00) for registering the same

3.19 To enforce undertenant's covenants

- (a) to enforce or procure the enforcement or compliance with the covenants on the part of the Tenant contained in any Underlease whether granted mediately or immediately out of this Lease and in particular to ensure by all proper means the punctual payment of rents and other sums due thereunder
- (b) Not to agree or consent to the variation of any such Underlease in any manner whatsoever without the prior written consent of the Landlord

3.20 Not to form rubbish heap

not to form any dump or rubbish or scrap heap on the demised premises and to keep such part of the land forming part of the demised premises as is from time to time undeveloped and the grass and any trees shrubs and hedges in proper and neat order and condition and clean and tidy and free from weeds deposits of materials or refuse and not to bring or keep or suffer to be brought or kept on the demised premises anything which in the reasonable opinion of the Landlord is or may become unclean unsightly or detrimental to the demised premises and to keep clean the windows and window frames of the demised premises and in particular not to store any goods equipment plant machinery supplies waste or refuse outside the buildings comprised in the demised premises

3.21 To pay costs of notices etc.

- (a) to pay all reasonable costs and expenses including (but without prejudice to the generality of the foregoing) reasonable solicitors' costs and surveyors' fees properly incurred by the Landlord in respect of and incidental to the preparation and service of any notice under Section 146 of the Law of Property Act 1925 and/or Section 147 of that Act or any statutory modification or re-enactment thereof notwithstanding in any such case that forfeiture may be avoided otherwise than by relief granted by the Court
- (b) to pay all reasonable costs and expenses including (but without prejudice to the generality of the foregoing) reasonable solicitors' costs and surveyors' fees properly incurred by the Landlord in respect of and incidental to the preparation and service of any notice and/or schedule relating to any breach or alleged breach by the Tenant of any of its obligations hereunder and whether or not the same is served during or within six months after the expiration or sooner determination of the term (howsoever the same may be determined)
- (c) to pay all reasonable costs and expenses including (without prejudice to the generality of the foregoing) reasonable solicitors' costs and surveyors' fees properly incurred in respect of or incidental to any action reasonably taken by or on behalf of the Landlord in order to prevent or procure the remedying of any breach or non-performance of any of the covenants

conditions or agreements herein or in any underlease contained and on the part of the lessee to be observed and performed

- (d) to pay all the reasonable and proper costs and expenses of any distress properly levied upon the demised premises
- (e) to pay the Landlord's reasonable and proper legal expenses and surveyors' fees on all licences and consents by the Landlord and the duplicate copies thereof resulting from any application therefor by the Tenant under the provisions hereof including all reasonable charges fees and disbursements actually incurred in any case where consent is refused or the application is withdrawn

3.22 Statutory Works

to execute all such works and maintain all arrangements as are or may

be required or directed to be executed on the demised premises under or in pursuance of any Act of Parliament so far as may be applicable to the demised premises or their use (including but without prejudice to the generality of the foregoing the Offices, Shops and Railway Premises Act 1963 the Factories Act 1961 and the Health and Safety at Work etc. Act 1974) already or hereafter to be passed whether by the owner and/or the Landlord and/or the tenant thereof and at all times during the term to conform in all respects with the provisions of any Act of Parliament and any instrument regulation order or direction made or issued under any Act of Parliament or deriving validity therefrom and to comply with any notices which may be served by any competent authority and not to do or permit to be done on the demised premises any act or thing whereby the Landlord may become liable to pay any penalty imposed or to bear the whole or any part of the expenses incurred under the Act instrument regulation order or direction as aforesaid

3.23 Notices of Competent Authorities

to give full particulars to the Landlord of any notice direction or order or of any proposal therefor made given or issued to the Tenant by any local or public authority within seven days of the receipt of the same and if so required by the Landlord to produce the same to the Landlord and without delay to take all necessary steps at the expense of the Tenant in so far as the

-17-

same falls within the Tenant's obligations hereunder to comply with such notice direction or order and at the request of the Landlord (but at the expense of the Tenant) to make or join with the Landlord in making such objection or representation against or in respect of any proposal for such notice direction or order as the Landlord shall reasonably deem expedient

3.24 Planning Acts

in relation to the Planning Acts:-

- (a) at all times during the term to comply in all respects with the Planning Acts and to indemnify the Landlord against any claims costs demands expenses or penalties in respect of any breach thereof by the Tenant
- (b) during the term so often as occasion shall require at the expense in all respects of the Tenant to obtain all permissions licences consents and approvals as may be required for the carrying out by the Tenant of any operations on the demised premises or for the institution or continuance or renewal by the Tenant of any use thereof which may constitute development or any step related thereto within the meaning of the Planning Acts but so that the Tenant shall not make any application for planning permission or give notice to any authority of an intention to commence or to carry out any development or any step related thereto without the previous written consent of the Landlord and so that the Tenant shall (if and insofar as it is lawful for the parties hereto to make such arrangements) indemnify the Landlord against all charges payable in respect of any such application and shall also pay to the Landlord a reasonable sum in respect of all professional fees and expenses incurred by the Landlord in connection therewith and the Tenant shall forthwith after the grant or refusal of such application give to the Landlord full particulars in writing thereof and (free of cost to the Landlord) supply a copy thereof for the retention of the Landlord
- (c) not to implement any planning permission licence consent or

approval until the same has been submitted to and approved in writing by the Landlord

-18-

- (d) unless the Landlord shall otherwise direct to carry out before the expiration or sooner determination of the term (however the same may be determined) any works stipulated to be carried out to the demised premises by a date subsequent to such expiration or sooner determination as a condition of any planning permission which may have been granted to Tenant
- (e) if called upon so to do produce to the Landlord all plans documents and other evidence as the Landlord may reasonably require in order to satisfy itself that the provisions of this sub-clause have been complied with
- (f) without prejudice to any other of the provisions of this Lease not to carry out or apply for planning permission to carry out any development or change of use which may result in a charge to tax or increased charge to tax on the Landlord
- (g) nothing in this Lease contained or implied shall be taken to be a warranty or representation that the demised premises or any part thereof may be lawfully used in accordance with the Planning Acts or otherwise be used for the purpose herein authorised and the Tenant hereby acknowledges and admits that neither the Landlord nor anyone on its behalf has given or made at any time any warranty or representation that such use is or will be or will remain a permitted use under the Planning Acts or otherwise

3.25 To notify Landlord of adverse occurrence

upon the happening of any occurrence which may be capable of adversely affecting the Landlord's interest in the demised premises the Tenant shall forthwith at the Tenant's own expense give full particulars thereof to the Landlord

3.26 To take proceedings against undertenants

in the event of a breach non-performance or non-observance of any of the covenants conditions agreements and provisions contained or referred to in this Lease by any underlessee or other person holding the demised premises as underlessee or licensee of the Tenant forthwith upon discovering the same to take and institute at the Tenant's own expense all necessary steps and proceedings to remedy such breach non-performance or non-observance

-19-

3.27 Advertisements and signs

not to paint write place affix attach or exhibit any figure or letter or any pole flag signboard advertisement inscription bill placard or sign whatsoever upon the exterior or visible from the exterior of the demised premises excepting such reasonable name-board or sign giving the Tenant's name and nature of business such board or sign to be of a size and in a position to be approved by the Landlord such approval not to be unreasonably withheld or delayed

3.28 Not to obstruct roads

not to permit any vehicles to park on the Access Road nor to permit any packing cases goods or materials to be unpacked or deposited

outside the Building and not to obstruct the Access Road or any other roadways or otherwise cause obstruction or annoyance to the Landlord or to the tenants or occupiers of any adjoining or neighbouring premises and to observe such regulations as shall be made with regard to the Access Road

3.29 Not to block sewers

not to deposit or permit the escape of any trade effluent into the sewers serving the demised premises nor to deposit nor to permit the escape of trade effluent or other deleterious or noxious material into the surface water drains serving the demised premises

3.30 Plumbing facilities

- (a) not to use the plumbing facilities for any purpose other than that for which they are constructed and not to place any foreign substance therein
- (b) to keep clean and unobstructed all ventilators or other ducts in the demised premises
- (c) in relation to plumbing facilities to keep the demised premises at a temperature sufficiently high to prevent freezing of water in pipes and fixtures

3.31 Services

not to interfere with or otherwise cause access to any pipes wires cables drains sewers watercourses conduits or subways which now are or may in the perpetuity

-20-

period be under in or through the demised premises to be or become more difficult than the same now is

3.32 Machinery

not to install or suffer to be installed any machinery upon the demised premises or any part thereof which shall be unduly noisy or cause dangerous vibrations or be a nuisance to the Landlord or the owners or lessees or occupiers of any adjoining or neighbouring premises

3.33 Support

not to do anything or suffer anything to be done on the demised premises which would remove support from any adjoining land buildings or structures or endanger such land buildings or structures in any way whatsoever

3.34 To Yield Up

at the expiration or sooner determination of the term (howsoever the same may be determined) quietly to yield up unto the Landlord the demised premises in such good and substantial repair and condition as shall be in accordance with the covenants on the part of the Tenant herein contained together with all fixtures and fittings improvements and additions which now are or may at any time hereafter be in or about the demised premises (but excepting Tenant's fixtures and fittings) and in case any of the Landlord's fixtures and fittings shall be missing broken damaged or destroyed forthwith to replace them with others of a similar quality and character and to remove every moulding sign writing or painting from the demised premises and to make good all damage caused to the demised premises by the removal of

the Tenant's fixtures and fittings furniture and effects

3.35 Indemnities

so far as the same relate to or affect the demised premises (but not further or otherwise) to observe and perform any agreements covenants and stipulations contained or referred to in the Fourth Schedule hereto or contained or referred to in any documents referred to in the Fourth Schedule hereto and to keep the Landlord indemnified against all actions proceedings costs claims and demands in any way relating thereto

3.36 VAT

-21-

- (a) To pay to the Landlord any VAT chargeable in respect of any supplies made by the Landlord to the Tenant hereunder
- (b) Where the Tenant is liable hereunder to reimburse the Landlord in respect of any costs incurred by the Landlord the Tenant shall also reimburse any VAT on such costs save to the extent that the VAT is recoverable by the Landlord from HM Customs & Excise
- (c) Where such reimbursement shall be regarded by HM Customs & Excise as consideration for supplies by the Landlord to the Tenant the Tenant shall pay to the Landlord any VAT chargeable by the Landlord on any such supplies
- (d) Any rent or other consideration payable in respect of any supply or supplies by the Landlord to the Tenant shall be deemed to be exclusive of VAT which shall be added where appropriate to such rent or other consideration at the appropriate rate

4. LANDLORD'S COVENANTS

The Landlord HEREBY COVENANTS with the Tenant (to the intent to bind itself and its successors in title the persons for the time being entitled to the reversion expectant on the determination of the term but not to bind itself after it shall have parted with all its estate and interest in the demised premises or to incur further liability thereafter) as follows:-

4.1 Quiet Enjoyment

that the Tenant paying the rent hereby reserved and performing and observing the several covenants conditions and agreements herein contained and on its part to be performed and observed shall and may peaceably hold and enjoy the demised premises during the term without any lawful interruption by the Landlord or any person rightfully claiming through under or in trust for it

4.2 To Insure

- (a) to keep the demised premises insured against damage or destruction by:-
 - (aa) the insured risks in a sum which represents the full reinstatement value

-22-

of the Building and other structures on the demised premises including:

- (i) the cost of site clearance
 - (ii) all architects' surveyors' and other professional fees and incidental expenses in connection with rebuilding and reinstating the demised premises
 - (iii) three years' loss of rent insurance
 - (iv) VAT on those amounts in the extent applicable and to the extent that the Landlord may not be able to recover VAT from HM Customs & Excise
 - (v) VAT which may become payable by the Landlord in respect of any self supply under paragraph 6 of Schedule 6A of the Value Added Tax Act 1983 to the extent that the Landlord may not be able to recover that VAT from HM Customs & Excise
- (bb) third party and public liability insurance
- (cc) insurance against liability under the Defective Premises Act 1972 (and any other legislation against which the Landlord reasonably requires insurance)
- (b) if the demised premises are destroyed or damaged by the insured risks then the Landlord will use its reasonable endeavours to obtain all necessary consents required to reinstate the demised premises and if these are obtained the Landlord will apply the insurance monies received in respect of reinstating the demised premises with all reasonable speed
- (c) the demised premises need not be reinstated to the same state appearance or layout as before provided that following any reinstatement the Building shall be of substantially the same size as before and shall enjoy substantially the same rights as before

-23-

- (d) whilst the Landlord shall be obliged to insure under sub-clause 4.2(a) the Landlord shall not be liable to the Tenant and its undertenants to the extent that:-
- (i) insurance is not available with a reputable insurance company or
 - (ii) excess exclusion or limitation imposed by insurers applies or
 - (iii) any insurance policies in respect of the demised premises have become void or voidable by reason of any act neglect or default of the Tenant or any undertenant or any servant agent licensee or invitee of any of them

5. CESSER OF RENT

In case the demised premises or any part thereof or the means of access thereto shall at any time be destroyed or damaged by any of the insured risks so as to be unfit for occupation and use then (unless the insurance of the demised premises shall have been forfeited or vitiated by the act or default of the Tenant or any of the Tenant's servants or agents tenants or licensees or if the monies payable under such insurance policy in respect of loss of rent shall not be paid to the Landlord by reason of any act or default of the Tenant its servants agents or licensees) all the rents sums and service charge referred to in the reddendum to clause 2 hereof hereby reserved or a fair and just proportion thereof according to the nature and

extent of the damage sustained shall cease to be payable by the Tenant for a period from the date of such destruction or damage as aforesaid until the demised premises shall have been rebuilt and reinstated and made fit for occupation or use Any dispute concerning this Clause shall be determined by a single Arbitrator in accordance with the Arbitration Acts 1950-1979 or any statutory enactment in that behalf for the time being in force

6. PROVISOS

6.1 Re-entry

Without prejudice to any other right and remedy or power herein contained or otherwise available to the Landlord:

- (a) if the rents hereby reserved other than the additional rent shall be unpaid for twenty-one

-24-

(21) days after becoming payable whether formally demanded or not; or

- (b) if any of the covenants on the part of the Tenant contained in this Lease [(other than the covenant to pay the additional rent)] shall not be performed and observed; or
- (c) if the Tenant (being a body corporate) has a winding-up order or an administration order made against it or passes a winding - up resolution (other than for the purposes of an amalgamation or reconstruction resulting in a solvent corporation) or resolves to present its own winding-up petition or is wound up (whether in England or elsewhere) or the directors of the Tenant resolve to present a petition for an administration order in respect of the Tenant, (or an Administrative Receiver or a Receiver or a Receiver and Manager is appointed in respect of the property or any part thereof of the Tenant); or
- (d) the Tenant (being a body corporate) calls a meeting of its creditors or any of them makes an application to the Court under Section 425 of the Companies Act 1985 or submits to its creditors or any of them a proposal pursuant to Section 1 of the Insolvency Act 1980 or enters in any arrangement scheme compromise moratorium or composition with its creditors or any of them suffers any distress or execution to be levied on the demised premises where such distress or execution is not lifted or paid out within 21 days; or
- (e) if the Tenant (being an individual) or if more than one individual then any one of them notifies the Official Receiver or makes an application to the Court pursuant to Section 253 of the Insolvency Act 1986 or convenes a meeting of his creditors or any of them enters into any arrangement scheme compromise moratorium or composition with his creditors or any of them (whether pursuant to Part VIII of the Insolvency Act 1986 or otherwise) or has a bankruptcy petition presented against him or is adjudged bankrupt or suffers any distress or execution to be levied on the demised premises

THEN it shall be lawful for the Landlord or any person duly authorised by the Landlord in that behalf at any

-25-

time thereafter to re-enter the demised premises or any part

thereof in the name of the whole and thereupon this demise shall absolutely cease and determine but without prejudice to any right of action or remedy of the Landlord in respect of any antecedent breach of any of the covenants on the part of the Tenant contained in this Lease

6.2 Service of Notices

that any notice certificate demand or payment requiring to be served upon or given to the Tenant shall be well and sufficiently served or given if sent by the Landlord or its Agents through the First Class post by pre-paid letter addressed to the Tenant at its last known address or addressed to the Tenant at the demised premises and any notice required to be given to the Landlord shall be well and sufficiently given if sent by the Tenant by registered post addressed to the Landlord at its registered office or if sent as aforesaid addressed to any Agent from time to time authorised by the Landlord to receive the rent payable hereunder and any demand or notice sent by post in either case shall be deemed to have been delivered in the usual course of registered post

6.3 Removal of Tenant's Property

that if at such time as the Tenant has vacated the demised premises after the determination of the term either by effluxion of time or otherwise any property of the Tenant shall remain in or upon the demised premises and the Tenant shall fail to remove the same within seven days after being requested by the Landlord so to do by notice in that behalf then in such case the Landlord may as the Agent of the Tenant (and the Landlord is hereby appointed by the Tenant to act in that behalf) sell such property and shall then hold the proceeds of sale after deducting the costs and expenses of removal storage and sale reasonably and properly incurred by it to the order of the Tenant provided that the Tenant shall indemnify the Landlord against any liability incurred by it to any third party whose property shall have been sold by the Landlord in the bona fide mistaken belief (which shall be presumed unless the contrary be proved prior to such sale) that such property belonged to the Tenant and was liable to be dealt with as such pursuant to this Clause

6.4 Compensation

-26-

subject to the provisions of sub-section (2) of Section 38 of the Landlord and Tenant Act 1954 neither the Tenant nor any underlessee shall be entitled on quitting the demised premises to any compensation under Section 37 of the said Act

6.5 Standard of Work

any work carried out by the Tenant (whether of repair or otherwise shall be carried out to the reasonable satisfaction of the Landlord's Surveyor

6.6 Waiver of Breach

no acceptance of or demand or receipt for rent by the Landlord after knowledge or notice received by the Landlord or its Agents of any breach of any of the Tenant's covenants herein contained or implied shall operate as a waiver in whole or in part of any such breach or of the Landlord's rights of forfeiture or re-entry in respect thereof but any such breach shall for all the purposes of this Lease be a continuing breach of covenant so long as such breach shall be subsisting and no person taking any estate or interest under the Tenant shall be entitled to set up any such acceptance of or demand or

receipt for rent as a defence in any action or proceedings by the Landlord

6.7 Option to Tax

Nothing in this Lease shall impose any obligation on the Landlord to make or refrain from making any election that the supplies made under this Lease shall not be exempt from VAT

6.8 Receivership

The Receivers are acting as agents of the Landlord and neither of them nor their firm shall have any personal liability under this Lease whether arising under the Insolvency Act 1986 or otherwise

6.9 If the Tenant wishes to determine this Lease at the expiration of the third year of the term hereby granted and gives not less than six months' notice in writing to the Landlord to that effect and pays all rent and substantially performs all the covenants and conditions hereinbefore contained and on the Tenant's part to be performed and observed up to such determination and in addition pays to the Landlord a further sum equivalent to six months' rent hereunder then in such case immediately after the expiration of the third year of

-27-

the said term this Lease shall cease and be void but without prejudice to any claim by either party against the other in respect of any antecedent breach of any covenant or condition herein contained

6.10 If at any time during the first year of the term hereby granted the Tenant shall wish to purchase the freehold reversion in the demised premises it shall be at liberty to do so in accordance with the provisions contained in the Sixth Schedule hereto

7. SURETY'S COVENANTS

7.1 The Surety HEREBY COVENANTS with the Landlord that the Tenant will at all times during the Term pay the rents and any other monies hereby reserved or as subsequently increased under the provisions of Clause 2 hereof (or as otherwise agreed between the Landlord and the Tenant) on the days and in the manner aforesaid and will observe and perform the covenants and conditions contained in this Lease and on the part of the Tenant to be observed and performed and that if the Tenant shall make any default in the payment of the said rents or other monies in the manner aforesaid or in observing and performing the said covenants and conditions or any of them then and in every such case the Surety will forthwith (as principal obligor) pay the said rents and other monies and shall perform and observe the said covenants and conditions and shall also pay and make good to the Landlord on demand all losses damages costs and expenses sustained by the Landlord through default of the Tenant in respect of any of the before-mentioned matters PROVIDED ALWAYS that notwithstanding:-

7.1.1 any forbearance of the Landlord to enforce against the Tenant the payment of the said rents or the observance or performance of the Tenant's covenants and conditions or the giving of time by the Landlord to the Tenant in relation thereto

7.1.2 that the terms of this Lease may have been varied by agreement between the Landlord and the Tenant

7.1.3 any other act or thing whereby but for this provision the Surety would have been released

the Surety shall not thereby be discharged from liability under the foregoing covenant nor shall such liability be in any way lessened or affected thereto

-28-

7.2 To accept grant of Lease

The Surety hereby FURTHER COVENANTS with the Landlord that if the Tenant being a company shall go into liquidation and the liquidator shall disclaim this Lease or if the Tenant shall be wound up or cease to exist (or if the Tenant for the time being being an individual shall become bankrupt and the trustee in bankruptcy shall disclaim this Lease) and if the Landlord shall within 3 months after notification to the Landlord of such disclaimer or other event putting an end to the effect of this Lease as aforesaid so far as concerns the Tenant by notice in writing require the Surety to enter into a Lease of the demised premises as tenant and/or surety for a term commensurate with the residue which if there had been no disclaimer or if this Lease had continued to have effect as aforesaid would have remained of the Term at the same rent and subject to the like covenants and conditions as are reserved by and contained in this Lease (with the exception of this sub-clause) the said new Lease and rights and liabilities therein to take effect as from the date of the said disclaimer or of this Lease ceasing to have effect as aforesaid then and in such case the Surety shall pay the costs of and the relevant Surety shall accept such new Lease accordingly and will execute and deliver to the Landlord a counterpart thereof

IN WITNESS whereof this Lease is executed by the parties hereto as a Deed and it is delivered the day and year first before written

THE FIRST SCHEDULE
(Particulars of the demised premises)

ALL THAT Land and Buildings situate at and known as Block A Sovereign Park Brenda Road Hartlepool Cleveland and shown edged red on Plan I

-29-

THE SECOND SCHEDULE
(Particulars of rights granted to the Tenant)

1. The right for the Tenant and the occupiers of the demised premises and for all other persons coming to or leaving the demised premises in common with the Landlord and all others having the like right at all times and for all purposes to pass and repass to and from the demised premises along the Access Road
2. The free and uninterrupted right for the Tenant and the occupiers of the demised premises of passage and running of water gas electricity foul and surface water telecommunications and other services from and to the demised premises through all Conduits which now are or may at any time during the term be in or under or upon any part of the Estate and serve the demised premises
3. The right to use 56 car parking spaces from time to time allocated to the Tenant for the purpose only of the parking of motor cars belonging to the Tenant or its employees PROVIDED THAT the position of the parking spaces may be varied by the Landlord if it so requires

THE THIRD SCHEDULE
(Particulars of reservations and expectations in favour
of the Landlord)

1. Easements rights and privileges in favour of the Landlord and all those authorised by the Landlord respectively over along and through the demised premises equivalent to those set forth and subject to the conditions contained in paragraph 2 of the Second Schedule hereto
2. The right in favour of the Landlord and all those authorised by the Landlord upon reasonable prior written notice to the Tenant (except in emergency when no notice need be given) to enter and remain on the demised premises with or without tools appliances scaffolding and material for the purposes of:
 - 2.1 installing inspecting repairing renewing reinstalling cleaning maintaining or connection up to any Conduits or
 - 2.2 inspecting cleaning altering repairing maintaining renewing or rebuilding the Building or any adjoining or adjacent premises or
 - 2.3 complying with the Landlord's covenants under this Lease

the person entering causing as little damage and inconvenience as reasonably possible and making good as soon as reasonably practicable at such person's expense any damage caused to the demised premises by such entry

THE FOURTH SCHEDULE
(Matters to which the demised premises are subject)

The entries contained in the Property and Charges Registers of Title Numbers CE115944 and CE 101581 (excluding all mortgages and other similar financial charges) in so far as the same relate to or affect the demised premises

THE FIFTH SCHEDULE
(Service Charge)

1. In this Schedule the following expressions have the following meanings:

"financial year" means a period of twelve months ending 31st December in each year or such other year ending as the Landlord shall from time to time designate in writing

"the Service Costs" means the total sum computed in accordance with paragraph 2 below

"the Specified Proportion" means a fair proportion as conclusively (save as to manifest error) determined by the Landlord but which in the absence of special

circumstances will be substantially the same as the proportion which the gross internal area of the demised premises bears to the aggregate gross internal areas of all the let or lettable areas for the time being comprised in the Estate

"the Service Charge" means the Specified Proportion of the Service Costs

"the Expert" means a professionally qualified surveyor or accountant (who may be a person employed by the Landlord or an associated company of the Landlord)

2. The items to be included in the Service Costs are insofar as such matters are not expressly otherwise provided for in this Lease the following:

2.1 the costs of and incidental to the installation inspection repair maintenance renewal lighting (including the installation of new lighting) and cleaning of the Estate (including without prejudice to generality all roads car parks loading bays party walls party structures party fences walls fences signs

-33-

stairways paths pavements yards gardens landscaped areas open spaces Conduits air conditioning equipment sprinkler systems fire alarms smoke detectors lightning protectors fire fighting equipment hoists cradles gantries generators and other plant machinery or equipment in or about the Estate) and all other things the use of which is common to the demised premises and other premises near or adjoining thereto (whether or not under the ownership or control of the Landlord) and including (for the avoidance of doubt) the Access Road

2.2 the cost of any rates taxes assessments electricity or outgoings of any nature whatsoever payable in respect of the Estate by the Landlord

2.3 the cost of disposing of refuse from the Estate

2.4 the cost of employing cleaners security staff (with or without dogs) gardeners maintenance staff and other staff including uniforms national insurance contributions bonuses pensions compensation for redundancy and unfair dismissal and (where the Landlord provides accommodation for such purposes) an amount equal to the rent payable by the Landlord for such accommodation (or if not appropriate an amount equal to the rent payable by the Landlord for such accommodation (or if not appropriate an amount equal to the rent that could be received from a willing tenant on the open market for such accommodation) and any rates payable thereon and the cost of any repairs thereto

2.5 the cost of providing a telephone for use by porters cleaners and other staff

2.6 the cost of and incidental to the carrying out by the Landlord of any work in or about the Estate in pursuance of any requirement of any Act of Parliament or of any local or public authority

2.7 the cost of preparing accounts and certificates relating to the calculation of the Service Costs or the Service Charge

2.8 without prejudice to the generality of 2.1 above the cost of the maintenance and renewal of displays of plants in any garden lawn or landscaped or paved area within the Estate

2.9 the cost of employing managing agents (save in relation to the collection of rent or the letting of any property) in respect of the Estate or if the Landlord does not employ managing agents then a fee for the

-34-

Landlord of ten per cent of the total of the foregoing amounts

- 2.10 the cost of such other services or works whatsoever as may be provided by the Landlord from time to time which the Landlord considers in its reasonable discretion to be for the benefit of the Estate or any part or parts thereof
- 2.11 interest on monies borrowed by the Landlord (or other expenditure paid or incurred in connection with such loan) for the purpose of paying any such costs as aforesaid
- 2.12 any VAT on any of the above items
3. The Tenant covenants with the Landlord to pay the Service Charge during the term by equal payments in advance at the times at which and in the manner in which rent is payable under this Lease the first payment of which shall represent a proportion calculated from 30th April 1993 to the next quarter day hereafter and which shall be paid on the signing hereof
4. The Service Charge in respect of any financial year shall be calculated not later than the beginning of the financial year in question and in respect of the current financial year shall be the sum of Two thousand pounds (£2,000) per annum
5. The Service Costs shall consist of a total sum equal to:
- (a) the expenditure estimated by the Expert as likely to be incurred by the Landlord in the financial year in question in connection with the items specified in paragraph 2 hereof together with
 - (b) an appropriate amount as a reserve for or towards each of the items specified in paragraph 2 as are likely to give rise to expenditure either after the expiry of this Lease or only once during the unexpired term thereof or at intervals of more than one year PROVIDED THAT where any expenditure is to be incurred on any such item in the financial year to which the said estimate relates the expert shall in computing the said total give credit for the amount then standing to the credit of the reserve in respect of the item in question
6. As soon as practicable after the end of each financial year the Expert shall determine and certify the amount by which the estimate referred to in 5(a) of this Schedule exceeds or falls short of the actual expenditure incurred by the Landlord in respect of the items specified in paragraph 2 of the financial

-35-

year in question (giving credit for any amount applied from the reserve in payment of items of expenditure incurred during that year) and shall supply the Tenant with a copy of the Certificate

7. Within 21 days of receipt by the Tenant of the said Certificate the Tenant shall pay to the Landlord the Specified Proportion of the deficiency or as the case may be the Landlord shall give to the Tenant the Specified Proportion of the excess
8. During any period when any part of the Building is not let upon terms that the tenant of it is liable to pay a service charge corresponding to the Service Charge payable under this Lease the Landlord shall contribute to

the reserve an amount equal to the total that would have been payable by way of such contribution if such part of the Building had been let as aforesaid and the said reserve shall be calculated accordingly

9. Any dispute arising out of the provisions of this clause shall be referred to the decision of a single arbitrator to be agreed between the parties hereto or in default of agreement to be appointed on the application of either party by the President for the time being of the Royal Institution of Chartered Surveyors whose decision shall be final but this paragraph shall not confer upon the Tenant the right to challenge the amount of the total sum computed under paragraph 5(a) of this Schedule save in the case of manifest error

-36-

THE SIXTH SCHEDULE
(Option to purchase
the freehold reversion)

1. Definitions

In this Schedule the following expressions (where the context so admits) shall have the following meanings:-

"the Counter-Notice"

The Counter-Notice referred to in paragraph 2.3 and in the form set out in Part II of this Schedule

"the General Conditions"

The Standard Conditions of Sale (1st Edition) and "General Condition" shall be construed accordingly

"the Option Notice"

The notice referred to in paragraph 2.1

"the Option Period"

The period commencing on 30th April 1993 and expiring on 29th April 1994

"the Price"

The sum of L700,000 exclusive of Value Added Tax (VAT) together with VAT on such sum if the Landlord so requires reduced by the equivalent of 50% of the rent reserved by Clause 2.3 of this Lease and paid at the date of exercise of this Option but increased by the whole amount of such rent due but unpaid at the date of exercise of this Option

"the Property" and/or "the freehold reversion"

Firstly the Landlord's buildings comprising the demised premises as defined in this Lease and edged red on Plan I and secondly the car parking spaces shown edged in green on Plan I (irrespective of whether the Landlord has exercised its rights under the Proviso to Paragraph 3 of the Second Schedule hereto)

2. Exercise of the Option

2.1 The option granted shall be exercisable by the Tenant giving to the Landlord the Option Notice at any time during the Option Period

-37-

2.2 The Option Notice shall be in the same form or to the like effect as that set out in paragraph 5 of this Schedule which shall together with a duplicate thereof be signed by the Tenant and served on the Landlord

2.3 The Landlord shall within 7 days of service of the Option Notice and the duplicate thereof on the Landlord sign the Counter-Notice endorsed on the Option Notice and the duplicate thereof and within such period of 7 days serve or cause to be served the Option Notice or the duplicate thereof with the Counter-Notice duly signed on the Tenant

2.4 In respect of service of the Option Notice and the duplicate thereof under paragraph 2.2 and of the Counter-Notice under paragraph 2.3 the provisions of General Condition 2 shall apply save that there shall be substituted for the words "notice served under the contract" the words "counter-notice or acknowledgement served under the provisions of this Schedule to this Lease"

2.5 The Landlord irrevocably by the way of security hereby appoints the Tenant the attorney of the Landlord for the purposes of signing the Counter-Notice in the event that the Landlord shall fail to serve it duly signed in accordance with paragraph 2.3 and for this purpose the signing by the Tenant of the Counter-Notice endorsed on a further copy of the Option Notice duly signed by the Tenant shall be deemed to be valid signing of the Counter-Notice by the Tenant as attorney of the Landlord and the Landlord hereby confirms that this power of attorney hereby conferred on the Tenant is given by way of security to secure the proprietary interest of the Tenant in the sale of the freehold reversion and the performance of the Landlord's obligations to the Tenant under paragraph 2.3 and declares that this power of attorney is irrevocable

3. Contractual Terms

3.1 Service by the Landlord of the Counter-Notice duly signed or the signing of the Counter-Notice by the Tenant as the attorney of the Landlord under paragraph 2.5 shall constitute a binding contract for the Landlord to sell and the Tenant to purchase the freehold reversion on the following terms and conditions:-

3.1.1 The agreement to convey the freehold reversion shall be subject to the General Conditions so far as the same are applicable to a sale by

private treaty and are not varied by or inconsistent with the terms and conditions of this Agreement

3.1.2 A sum equal to 10% of the Price and on account thereof shall be paid as a deposit forthwith on the exercise of this option to the Landlord's Solicitors as agents for the Landlord (with interest accruing to the Landlord) and the balance thereof shall be payable on the date fixed for completion

3.1.3 The Landlord's title is registered with Title Absolute under Title Numbers CE 115944 and CE 101581 and such title shall be deduced in accordance with Section 110 of the Land Registry Act 1925

3.1.4 The reversion shall be conveyed/transferred subject to and with the benefit of this Lease to the intent that the same shall merge and be extinguished in the reversion

3.1.5 The Landlord shall within 7 days of completion place the Charge/Land Certificate relating to the demised premises on deposit at H M Land Registry in order to enable the Tenant to register a dealing against the Landlord's Title

3.2 Completion shall take place on or before 28 days following service of the Option Notice

3.3 The Transfer to the Tenant shall contain such provisions and covenants binding on the Tenant and the Surety and their respective successors in title so as to bind the Property and each and every part thereof and so as to benefit the Landlord and its successors in title and the land retained by the Landlord and each and every part thereof as the Landlord shall properly require to reflect firstly an ongoing service charge commitment equivalent to that contained in this Lease and secondly such other matters rights exceptions and reservations which the Landlord considers are proper and necessary in the context of a transfer of part out of its registered freehold title and/or so as to reflect the rights exceptions and reservations contained in this Lease The said ongoing service charge commitment shall (at the option of the Landlord) be effected by a Rentcharge Deed

4. Non-merger of covenants

All obligations under the provisions of this Schedule which shall not have been performed or fully performed on the completion of the Transfer shall not be or be deemed to be merged in or extinguished by the execution of the Transfer but shall remain in full force and effect following completion thereof

Option Notice

5. To: [the Landlord]
We [the Tenant] of [] hereby

(1) refer you to paragraph of the Schedule to the Lease ("the Lease") dated [] and made between [yourself] and [this

Company)/[] relating to
as described in the Lease and pursuant to paragraph of the
Schedule to the Lease give you notice exercising the option granted by
clause of the Lease

(2) agree for the purpose of Section 2 of the Law of Property
(Miscellaneous Provisions) Act 1989 that the terms of clause and the
Schedules to the Lease shall be deemed to be incorporated in this
document which shall be deemed to comprise this Notice and Counter-Notice
("the Counter-Notice") hereinafter set out and that upon the signing by the
Landlord of the Counter-Notice and the service of this Notice or the
duplicate thereof on ourselves with the Counter-Notice duly signed the
contract referred to in paragraph 3 of this Schedule to the Lease shall
forthwith arise

Dated this day of 199

.....

PART II
Counter-Notice

We, [the Landlord] of [] hereby:-

- (1) acknowledge that we have received a notice ("the Notice") in the form
hereinbefore set out
- (2) agree for the purposes of Section 2 of the Law of Property (Miscellaneous
Provisions) Act 1989 that the terms of clause and the
Schedules to the Lease referred to in the Notice shall be deemed to be
incorporated in the Notice and this Counter-Notice and that the contract
referred to in the Notice shall arise upon the service of the Notice or the
duplicate thereof on which the Counter-Notice is endorsed on the person who
served the Notice

Dated this day of 199

.....

THE COMMON SEAL of STARPAK)
INTERNATIONAL, LTD. was)
hereunto affixed in the)
presence of:-)

President

/s/ MICHAEL W. MORGAN

Michael W. Morgan

Assistant Secretary

/s/ E. PRESTON SUMNER JR.

E. Preston Sumner Jr.

THE COMMON SEAL of STARPAK, INC.
(SURETY) was hereunto fixed in
the presence of:

PRESIDENT

/s/ MICHAEL W. MORGAN

Michael W. Morgan

-41-

ASSISTANT SECRETARY

/s/ E. PRESTON SUMNER JR.

E. Preston Sumner Jr.

on which the Counter-Notice is endorsed on the person who served
the Notice

Dated this day of 199

SIGNED as a Deed by EAST MERCIA
DEVELOPMENTS LIMITED (IN RECEIVERSHIP)
acting by David Patrick King,
Joint Receiver

/s/ DAVID PATRICK KING

David Patrick King

-42-

EXHIBIT 10.5

StarPak, Inc.
237 22nd Street
Greeley, CO 80631

\$1,111,844.17

Greeley, Colorado
December 29, 1995

For value received, the undersigned, StarPak, Inc., a Colorado corporation (the "Borrower"), hereby promises to pay on January 31, 1997, to the order of General Communications, Inc. (the "Lender"), at its main office in Denver, Colorado, in lawful money of the United States of America and in immediately available funds, the principal sum of \$1,111,844.17, or, if less, the aggregate unpaid principal amount of all advances made by the Lender to the Borrower hereunder, together with interest on the principal amount hereunder remaining unpaid from time to time at the rate in effect under StarPak's line of credit loan with Norwest Business Credit, Inc. This Note may be prepaid without penalty.

STARPAK, INC.

By: /s/ MICHAEL W. MORGAN

Michael W. Morgan, President

Handwritten on face of note:

Paid in full 4-22-96
/s/ A E Stephenson Jr

EXHIBIT 21.1

SUBSIDIARIES OF THE REGISTRANT

NAME OF SUBSIDIARIES	STATE OF INCORPORATION	NAMES UNDER WHICH SUBSIDIARIES ARE DOING BUSINESS
StarPak, Inc.	Colorado	StarTek Teleservices StarTek Technical Services StarTek Internet, Inc. StarTek
StarPak International, Ltd.	Colorado	StarPak

EXHIBIT 23.1

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" and "Selected Combined Financial Data" and to the use of our report dated January 24, 1997, in the Registration Statement and related Prospectus of StarTek, Inc. for the registration of 4,216,667 shares of its common stock.

ERNST & YOUNG LLP

/s/ Ernst & Young LLP

Denver, Colorado
January 29, 1997

<ARTICLE> 5

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1995 AND THE UNAUDITED COMBINED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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