
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2009

or

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

For the transition period from _____ to _____

Commission file number 1-12793

StarTek, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

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

44 Cook Street, 4th Floor
Denver, Colorado
(Address of principal executive offices)

80206
(Zip code)

(303) 399-2400

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, \$.01 par value	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act:

None

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.
Common Stock, \$0.01 Par Value – 14,857,654 shares as of July 15, 2009.

STARTEK, INC. AND SUBSIDIARIES

FORM 10-Q

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including the following:

- certain statements, including possible or assumed future results of operations, in "Management's Discussion and Analysis of Financial Condition and Results of Operations;"
- any statements contained herein regarding the prospects for our business or any of our services;
- any statements preceded by, followed by or that include the words "may," "will," "should," "seeks," "believes," "expects," "anticipates," "intends," "continue," "estimate," "plans," "future," "targets," "predicts," "budgeted," "projections," "outlooks," "attempts," "is scheduled," or similar expressions; and
- other statements contained herein regarding matters that are not historical facts.

Our business and results of operations are subject to risks and uncertainties, many of which are beyond our ability to control or predict. Because of these risks and uncertainties, actual results may differ materially from those expressed or implied by forward-looking statements, and investors are cautioned not to place undue reliance on such statements, which speak only as of the date thereof. Important factors that could cause actual results to differ materially from our expectations and may adversely affect our business and results of operations, include, but are not limited to those items described herein or set forth in Item 1A. "Risk Factors" appearing in our Annual Report on Form 10-K for the year ended December 31, 2008.

Part I. Financial Information

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

STARTEK, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(Dollars in thousands, except per share data)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Revenue	\$ 73,290	\$ 65,467	\$ 144,001	\$ 130,050
Cost of services	60,161	57,163	120,149	112,279
Gross profit	13,129	8,304	23,852	17,771
Selling, general and administrative expenses	10,889	10,227	20,581	20,317
Impairment losses and restructuring charges	—	5,500	6,437	5,608
Operating income (loss)	2,240	(7,423)	(3,166)	(8,154)
Net interest and other (expense) income	(103)	90	(178)	400
Income (loss) from continuing operations before income taxes	2,137	(7,333)	(3,344)	(7,754)
Income tax expense (benefit)	810	(2,745)	(683)	(2,763)
Net income (loss) from continuing operations	1,327	(4,588)	(2,661)	(4,991)
Income from discontinued operations, net of tax (including gain on disposal of \$6,937 during the six months ended June 30, 2009)	—	69	4,640	141
Net income (loss)	\$ 1,327	\$ (4,519)	\$ 1,979	\$ (4,850)
Basic net income (loss) per share from:				
Continuing operations	\$ 0.09	\$ (0.31)	\$ (0.18)	\$ (0.34)
Discontinued operations	—	0.00	0.31	0.01
Net income (loss)	\$ 0.09	\$ (0.31)	\$ 0.13	\$ (0.33)
Diluted net income (loss) per share from:				
Continuing operations	\$ 0.09	\$ (0.31)	\$ (0.18)	\$ (0.34)
Discontinued operations	—	0.00	0.31	0.01
Net income (loss)	\$ 0.09	\$ (0.31)	\$ 0.13	\$ (0.33)

See notes to condensed consolidated financial statements.

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STARTEK, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(Dollars in thousands, except share and per share data)

	As of	
	June 30, 2009 (Unaudited)	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 19,827	\$ 9,580
Investments	498	8,437
Trade accounts receivable, less allowance for doubtful accounts of \$32 and \$32, respectively	55,782	51,510
Income tax receivable	1,550	2,675
Deferred income tax assets	730	2,185
Derivative asset	996	—
Prepaid expenses and other current assets	3,144	3,273
Total current assets	82,527	77,660
Property, plant and equipment, net	55,556	59,608
Long-term deferred income tax assets	8,164	8,946
Other assets	704	650
Total assets	\$ 146,951	\$ 146,864
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 5,406	\$ 6,193
Derivative liability	97	2,323
Accrued liabilities:		
Accrued payroll	8,003	9,158
Accrued compensated absences	4,831	4,856
Accrued restructuring costs	2,032	995
Other accrued liabilities	4,234	2,317
Current portion of long-term debt	—	3,295
Other current liabilities	1,146	954
Total current liabilities	25,749	30,091
Long-term debt, less current portion	—	3,199
Accrued restructuring costs	4,470	1,714
Deferred rent liability	4,203	4,501
Other liabilities	286	340

Total liabilities	34,708	39,845
Commitments and contingencies		
Stockholders' equity:		
Common stock, 32,000,000 non-convertible shares, \$0.01 par value, authorized; 14,857,654 and 14,813,912 shares issued and outstanding at March 31, 2009 and December 31, 2008, respectively	149	148
Additional paid-in capital	65,490	64,440
Accumulated other comprehensive income (loss), net of tax	1,779	(415)
Retained earnings	44,825	42,846
Total stockholders' equity	112,243	107,019
Total liabilities and stockholders' equity	<u>\$ 146,951</u>	<u>\$ 146,864</u>

See notes to condensed consolidated financial statements.

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STARTEK, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Dollars in thousands)
(Unaudited)

	Six Months Ended June 30,	
	2009	2008
Operating Activities		
Net income (loss)	\$ 1,979	\$ (4,850)
Income from discontinued operations	4,640	141
Loss from continuing operations	(2,661)	(4,991)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	7,798	9,085
Impairment of property, plant and equipment	1,756	4,070
Non-cash compensation cost	937	614
Deferred income taxes	1,407	(1,612)
Other, net	(1)	16
Changes in operating assets and liabilities:		
Trade accounts receivable, net	(4,316)	(863)
Prepaid expenses and other assets	81	12
Accounts payable	(872)	758
Income taxes, net	1,172	(1,532)
Accrued and other liabilities	3,558	3,895
Net cash provided by continuing operating activities	8,859	9,452
Cash (used in) provided by discontinued operating activities	(2,335)	141
Net cash provided by operating activities	6,524	9,593
Investing Activities		
Purchases of investments available for sale	—	(10,899)
Proceeds from disposition of investments available for sale	8,021	9,469
Purchases of property, plant and equipment	(5,032)	(12,733)
Net cash provided by (used in) continuing investing activities	2,989	(14,163)
Cash provided by discontinued investing activities	7,075	—
Net cash provided by (used in) investing activities	10,064	(14,163)
Financing Activities		
Principal payments on borrowings	(6,855)	(2,179)
Principal payments on line of credit	(22,236)	(43,093)
Proceeds from line of credit	22,236	43,093
Proceeds from issuance of common stock	112	—
Principal payments on capital lease obligations	(99)	(25)
Net cash used in continuing financing activities	(6,842)	(2,204)
Cash provided by discontinued financing activities	—	—
Net cash used in financing activities	(6,842)	(2,204)
Effect of exchange rate changes on cash	501	(570)
Net increase (decrease) in cash and cash equivalents	10,247	(7,344)
Cash and cash equivalents at beginning of period	9,580	23,026
Cash and cash equivalents at end of period	<u>\$ 19,827</u>	<u>\$ 15,682</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 141	\$ 348
Income taxes paid	\$ 644	\$ 1,384
Property, plant and equipment acquired or refinanced under long-term debt	\$ 257	\$ 385

See notes to condensed consolidated financial statements.

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STARTEK, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share data)

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. These financial statements reflect all adjustments (consisting only of normal recurring entries, except as noted) which, in the opinion of management, are necessary for fair presentation. Operating results during the three and six months ended June 30, 2009, are not necessarily indicative of operating results that may be expected during any other interim period of 2009 or the year ending December 31, 2009. We have evaluated all subsequent events through July 31, 2009, the date the financial statements were issued.

The consolidated balance sheet as of December 31, 2008, was derived from audited financial statements at that date, but does not include all information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in the StarTek, Inc. Annual Report on Form 10-K for the year ended December 31, 2008.

Certain reclassifications have been made to 2008 information to conform to 2009 presentation due to the presentation of discontinued operations (see Note 5).

Unless otherwise noted in this report, any description of “us” refers to StarTek, Inc. and our subsidiaries. The assets and liabilities of our foreign operations that are recorded in foreign currencies are translated into U.S. dollars at exchange rates prevailing at the balance sheet date. Revenues and expenses are translated at the weighted-average exchange rate during the reporting period.

Recently Adopted Accounting Pronouncements

Effective January 1, 2009, we adopted Statement of Financial Accounting Standards No. 157, “Fair Value Measurements” (“SFAS No. 157”), for all non-financial assets and non-financial liabilities, except for items that are recognized or disclosed at fair value on a recurring basis (at least annually) for which SFAS No. 157 was previously adopted. Refer to Note 9, “Fair Value Measurements,” of this Form 10-Q for additional information on the adoption of SFAS No. 157.

Effective January 1, 2009, we adopted Statement of Financial Accounting Standards No. 161, “Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133” (“SFAS No. 161”). SFAS No. 161 requires entities to provide greater transparency through additional disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS No. 133 “Accounting for Derivative Instruments and Hedging Activities” (“SFAS No. 133”) and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity’s financial position, results of operations and cash flows. Refer to Note 8, “Derivative Instruments,” of this Form 10-Q for additional information on the adoption of SFAS No. 161.

We adopted Statement of Financial Accounting Standards No. 141(R), “Business Combinations” (“SFAS No. 141(R)”), which significantly changed the accounting for and reporting of business combination transactions. This standard was effective for us for business combination transactions for which the acquisition date was on or after January 1, 2009. No business combination transactions occurred during the six months ended June 30, 2009.

We adopted FASB Staff Position No. 115-2 and SFAS No. 124-2, “Recognition and Presentation of Other-Than-Temporary Impairments” (“FSP No. 115-2 and SFAS No. 124-2”), in the second quarter of 2009. FSP No. 115-2 and SFAS No. 124-2 modifies the other-than-temporary impairment guidance for debt securities through increased consistency in the timing of impairment recognition and enhanced disclosures related to the credit and noncredit components of impaired debt securities that are not expected to be sold. In addition, increased disclosures are required for both debt and equity securities regarding expected cash flows, credit losses, and securities with unrealized losses. Refer to Note 7, “Investments”, of this Form 10-Q for the relevant disclosures required by adoption of FSP No. 115-2 and SFAS No. 124-2. The adoption of FSP No. 115-2 and SFAS No. 124-2 did not have a material impact on our financial statements.

We adopted FASB Staff Position No. 107-1 and APB Opinion No. 28-1, “Interim Disclosures about Fair Value of Financial Instruments” (“FSP No. 107-1 and APB Opinion No. 28-1”), in the second quarter of 2009. FSP No. 107-1 and APB Opinion No. 28-

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1 requires fair value disclosures for financial instruments that are not reflected in the Condensed Consolidated Balance Sheets at fair value. Prior to the issuance of FSP No. 107-1 and APB Opinion No. 28-1, the fair values of those assets and liabilities were disclosed only annually. With the issuance of FSP No. 107-1 and APB Opinion No. 28-1, we are now required to disclose this information on a quarterly basis, providing quantitative and qualitative information about fair value estimates for all financial instruments not measured in the Condensed Consolidated Balance Sheets at fair value. The adoption of FSP No. 107-1 and APB Opinion No. 28-1 did not have a material impact on our financial statements.

We adopted Statement of Financial Accounting Standards No. 165, “Subsequent Events” (“SFAS No. 165”), in the second quarter of 2009. SFAS No. 165 establishes the accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. It requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date, that is, whether that date represents the date the financial statements were issued or were available to be issued. Refer to this Note 1, “Basis of Presentation,” for the related disclosures. The adoption of SFAS No. 165 did not have a material impact on our financial statements.

Recently Issued Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 168, “The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles” (“SFAS No. 168”). SFAS No. 168 will become the single source of authoritative nongovernmental U.S. generally accepted accounting principles (“GAAP”), superseding existing FASB, American Institute of Certified Public Accountants (“AICPA”), Emerging Issues Task Force (“EITF”), and related accounting literature. SFAS No. 168 reorganizes the thousands of GAAP pronouncements into roughly 90 accounting topics and displays them using a consistent structure. Also included is relevant Securities and Exchange Commission guidance organized using the same topical structure in separate sections. SFAS No. 168 will be effective for financial statements issued for reporting periods that end after September 15, 2009. This will have an impact on our financial statements since all future references to authoritative accounting literature will be references in accordance with SFAS No. 168.

2. SEGMENT INFORMATION

We operate within three business segments, U.S., Canada and Offshore. The business segments align with those regions in which our services are rendered. As of June 30, 2009, the U.S. segment included the operations of our thirteen facilities in the U.S., the Canada segment included the operations of our five facilities in Canada and the Offshore segment included the operations of our facility in Makati City, Philippines. We use gross profit as our measure of profit and loss for each business segment and do not allocate selling, general and administrative expenses to our business segments.

Information about our reportable segments, which correspond to the geographic areas in which we operate, is as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2009	2008	2009	2008
Revenue:				
United States	\$ 52,033	\$ 41,767	\$ 101,397	\$ 81,725
Canada	19,232	23,700	38,413	48,325
Offshore	2,025	—	4,191	—
Total	\$ 73,290	\$ 65,467	\$ 144,001	\$ 130,050
Gross profit:				
United States	\$ 10,085	\$ 6,239	\$ 18,882	\$ 14,245
Canada	3,268	2,065	5,014	3,526
Offshore	(224)	—	(44)	—
Total	\$ 13,129	\$ 8,304	\$ 23,852	\$ 17,771

3. NET INCOME (LOSS) PER SHARE

Basic and diluted net income (loss) per common share is computed on the basis of our weighted average number of common shares outstanding, as determined by using the calculations outlined below:

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Income (loss) from continuing operations	\$ 1,327	\$ (4,588)	\$ (2,661)	\$ (4,991)
Income from discontinued operations, net of tax	—	69	4,640	141
Net income (loss)	\$ 1,327	\$ (4,519)	\$ 1,979	\$ (4,850)
Weighted average shares of common stock	14,782	14,706	14,768	14,706
Dilutive effect of stock options	30	—	11	—
Common stock and common stock equivalents	14,812	14,706	14,779	14,706
Basic net income (loss) per share from:				
Continuing operations	\$ 0.09	\$ (0.31)	\$ (0.18)	\$ (0.34)
Discontinued operations	—	0.00	0.31	0.01
Net income (loss)	\$ 0.09	\$ (0.31)	\$ 0.13	\$ (0.33)
Diluted net income (loss) per share from:				
Continuing operations	\$ 0.09	\$ (0.31)	\$ (0.18)	\$ (0.34)
Discontinued operations	—	0.00	0.31	0.01
Net income (loss)	\$ 0.09	\$ (0.31)	\$ 0.13	\$ (0.33)

Diluted earnings per share is computed on the basis of our weighted average number of common shares outstanding plus the effect of dilutive outstanding stock options and non-vested restricted stock using the treasury stock method. Anti-dilutive securities totaling 2,156 and 2,993 in the three and six months ended June 30, 2009, respectively, were not included in our calculation because the stock options’ exercise prices were greater than the average market price of the common shares during the periods and anti-dilutive securities totaling 1,867 and 1,624 in the three and six months ended June 30, 2008, respectively, were not included in our calculation due to our net loss from continuing operations during those periods.

4. IMPAIRMENT LOSSES AND RESTRUCTURING CHARGES

Impairment Losses

During the six months ended June 30, 2009, we incurred \$1,756 of impairment losses in our Canadian segment, due to the impairment of certain long-lived assets for which the carrying value of those assets is not recoverable. These assets are located in a facility for which we are uncertain about our ability to generate future cash flows to support the carrying value of these assets. The long-lived assets include computer and telephone equipment, furniture and fixtures, leasehold improvements and software. Refer to Note 9, "Fair Value Measurements," of this Form 10-Q, for additional information on the fair value measurements for all assets and liabilities that are measured at fair value in the Condensed Consolidated Financial Statements.

Restructuring Charges

In August 2007, August 2008, December 2008 and February 2009, we closed facilities in Hawkesbury, Ontario, Big Spring, Texas, Petersburg, Virginia and Regina, Saskatchewan, respectively. We have recorded restructuring charges related to lease costs and other expenses related to the facility closures. In accordance with Statement of Financial Accounting Standards No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" ("SFAS No. 146"), we recognized the liability when it was incurred, instead of upon commitment to a plan. A significant assumption used in determining the amount of estimated liability incurred in closing a facility is the estimated liability for future lease payments on vacant facilities. If the assumptions regarding early termination and the timing and amounts of sublease payments prove to be inaccurate, we may be required to record additional losses, or conversely, a future gain, in our Condensed Consolidated Statements of Operations.

We expect to incur total restructuring charges related to our Canada segment of approximately \$6,988 (\$2,312 and \$4,676 related to the Hawkesbury and Regina closures, respectively). We expect to incur total restructuring charges related to our U.S. segment of approximately \$1,964 (\$302 and \$1,662 related to the Big Spring and Petersburg closures, respectively). The cumulative amount paid as of June 30, 2009 related to the closure of Hawkesbury, Regina and Petersburg is \$1,123, \$513 and \$561, respectively. We expect completion of the Hawkesbury, Petersburg and Regina restructuring plans no later than 2012, 2013 and 2013 respectively; however, it may be earlier depending on our ability to sublease the respective facility or buy-out the applicable lease. During February 2009, we

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bought out the remainder of the lease at the Big Spring facility for approximately \$184 and do not expect to incur any additional charges. Refer to Note 9, "Fair Value Measurements," of this Form 10-Q, for additional information on the fair value measurements for all assets and liabilities, including restructuring charges, that are measured at fair value in the Condensed Consolidated Financial Statements.

A summary of the activity under the restructuring plans as of June 30, 2009, and changes during the six months ended June 30, 2009 is presented below:

	Facility-Related Costs							Company Total
	Hawkesbury	Regina	Canada Total	Big Spring	Petersburg	U.S. Total		
Balance as of January 1, 2009	\$ 1,099	\$ —	\$ 1,099	\$ 208	\$ 1,402	\$ 1,610	\$ 2,709	
Expense	16	4,436	4,452	31	198	229	4,681	
Payments	(218)	(513)	(731)	(239)	(403)	(642)	(1,373)	
Reclassification of long-term liability	—	136	136	—	(25)	(25)	111	
Foreign currency translation adjustment	44	335	379	—	—	—	379	
Balance as of June 30, 2009	<u>\$ 941</u>	<u>\$ 4,394</u>	<u>\$ 5,335</u>	<u>\$ —</u>	<u>\$ 1,172</u>	<u>\$ 1,172</u>	<u>\$ 6,507</u>	

5. DISCONTINUED OPERATIONS

On February 25, 2009, we entered into an agreement to sell the assets of Domain.com, our wholly owned subsidiary, to A. Emmet Stephenson, Jr., Inc. ("Mr. Stephenson") in exchange for cash of \$7,075. The assets of Domain.com consist of domain names, trademarks and corporation names. We conducted an auction for the assets and received bids from multiple parties, including Mr. Stephenson. Mr. Stephenson presented the highest bid, which represented the selling price, of \$7,075 and the sale was completed effective February 25, 2009. Mr. Stephenson is one of our co-founders, has managed the Domain.com subsidiary since 2006 and owns approximately 20% of our common shares outstanding. Because the transaction involves a related party, the Audit Committee of our Board of Directors considered and approved the transaction.

The results of operations and cash flows of Domain.com have been reported in the Condensed Consolidated Statements of Operations as discontinued operations. The following table summarizes the results of discontinued operations:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Operating income from discontinued operations before income taxes	\$ —	\$ 110	\$ 27	\$ 226
Gain on the sale of discontinued operations	—	—	6,937	—
Income tax expense	—	(41)	(2,324)	(85)
Income from discontinued operations, net of tax	<u>\$ —</u>	<u>\$ 69</u>	<u>\$ 4,640</u>	<u>\$ 141</u>

6. PRINCIPAL CLIENTS

The following table represents revenue concentration of our principal clients.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
AT&T Services, Inc. and AT&T Mobility, LLC, subsidiaries of AT&T, Inc.	64.2%	51.7%	64.5%	50.6%
T-Mobile USA, Inc., a subsidiary of Deutsche Telekom	22.0%	28.6%	21.4%	28.2%

The loss of a principal client and/or changes in timing or termination of a principal client's product launch, volume delivery or service offering would have a material adverse effect on our business, revenue, operating results, and financial condition. To limit our credit risk, management from time to time will

perform credit evaluations of our clients. Although we are directly impacted by the economic conditions in which our clients operate, management does not believe substantial credit risk existed as of June 30, 2009.

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7. INVESTMENTS

Investments available for sale consisted of:

	Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
As of June 30, 2009:				
Corporate debt securities	\$ 493	\$ 5	\$ —	\$ 498
As of December 31, 2008:				
Corporate debt securities	\$ 8,513	\$ 9	\$ (85)	\$ 8,437

As of June 30, 2009, the investments in our portfolio have remaining contractual maturities within one year. There are no investments as of June 30, 2009 that have carried unrealized losses for longer than twelve months. Refer to Note 9, "Fair Value Measurements," of this Form 10-Q, for additional information on the fair value measurements for all assets and liabilities, including investments, that are measured at fair value in the Condensed Consolidated Financial Statements. Proceeds from the sale of investment securities available for sale were \$1,491 and \$8,021 for the three and six months ended June 30, 2009, respectively, and \$4,515 and \$9,469 for the three and six months ended June 30, 2008, respectively. Gross realized gains included in other income were \$0 and \$5 for the three and six months ended June 30, 2009, respectively, and \$0 and \$0 for the three and six months ended June 30, 2008, respectively. Gross realized losses included in other income were \$3 and \$3 for the three and six months ended June 30, 2009, respectively, and \$0 and \$0 for the three and six months ended June 30, 2008, respectively. Original cost of investments available for sale is based on the specific identification method.

The following table summarizes the aggregate fair value of those investments in a gross unrealized loss position:

	As of	
	June 30, 2009	December 31, 2008
Investments in a continuous unrealized loss position for less than 12 months		
Aggregate unrealized losses on corporate debt securities	\$ —	\$ (38)
Aggregate fair value of corporate debt securities	—	1,996
Investments in a continuous unrealized loss position for greater than 12 months		
Aggregate unrealized losses on corporate debt securities	\$ —	\$ (47)
Aggregate fair value of corporate debt securities	—	3,447

8. DERIVATIVE INSTRUMENTS

We use derivatives to partially offset our business exposure to foreign currency exchange risk. We enter into foreign currency exchange contracts to hedge our anticipated operating commitments that are denominated in foreign currencies. The contracts cover periods commensurate with expected exposure, generally within six months, and are principally unsecured foreign exchange contracts. The market risk exposure is essentially limited to risk related to currency rate movements. Our Canadian and Philippine subsidiaries' functional currencies are the Canadian dollar and the Philippine peso, respectively, which are used to pay labor and other operating costs in those countries. However, our client contracts primarily generate revenues which are paid to us in U.S. dollars. We have elected to follow cash flow hedge accounting under SFAS No. 133 in order to associate the results of the hedges with forecasted future expenses. The current mark-to-market gain or loss is recorded in accumulated other comprehensive income ("AOCI") as a component of stockholders' equity and will be reclassified to operations as the forecasted expenses are incurred, typically within one year. During the three and six months ended June 30, 2009 and 2008, our cash flow hedges were highly effective and there were no amounts charged to the Condensed Consolidated Statements of Operations for hedge ineffectiveness.

During the six months ended June 30, 2009, we entered into Canadian dollar forward contracts with Wells Fargo Bank for a notional amount of \$13,500 Canadian dollars to hedge our foreign currency risk with respect to labor costs in Canada. As of June 30, 2009, we have not entered into any arrangements to hedge our exposure to fluctuations in the Philippine peso relative to the U.S. dollar.

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The following table shows the notional principal of our derivative instruments as of June 30, 2009:

	Currency	Notional Principal
Instruments qualifying as accounting hedges:		
Foreign exchange contracts	Canadian dollar	CDN \$ 29,100

The above foreign exchange contracts are to be delivered periodically through December 2009 at a purchase price which is no more than \$24,285 and no less than \$23,968. The estimates of fair value are based on applicable and commonly used pricing models and prevailing financial market information as of June 30, 2009. Refer to Note 9, "Fair Value Measurements," of this Form 10-Q, for additional information on the fair value measurements for all assets and liabilities, including derivative assets and derivative liabilities, that are measured at fair value in the Condensed Consolidated Financial Statements.

The following table shows our derivative instruments measured at gross fair value as reflected in the Condensed Consolidated Balance Sheet as of June 30, 2009:

	Fair Value of Derivatives Designated as Hedge Instruments
Derivative assets:	
Foreign exchange contracts	\$ 996
Derivative liabilities:	
Foreign exchange contracts	\$ (97)

The following table shows the effect of our derivative instruments designated as cash flow hedges in the Condensed Consolidated Statement of Operations for the three and six months ended June 30, 2009:

	Three Months Ended				Location of Gain Reclassified from AOCI into Income
	June 30, 2009		June 30, 2008		
	Gain Recognized in AOCI	Gain Reclassified from AOCI into Income	Gain Recognized in AOCI	Gain Reclassified from AOCI into Income	
Cash flow hedges:					
Foreign exchange contracts	\$ 1,713	\$ 23	\$ 71	\$ 26	Cost of services
	Six Months Ended				Location of Loss Reclassified from AOCI into Income
	June 30, 2009		June 30, 2008		
	Gain Recognized in AOCI	Loss Reclassified from AOCI into Income	Loss Recognized in AOCI	Loss Reclassified from AOCI into Income	
Cash flow hedges:					
Foreign exchange contracts	\$ 2,007	\$ (1,629)	\$ (41)	\$ (182)	Cost of services

9. FAIR VALUE MEASUREMENTS

As of January 1, 2009, we adopted SFAS No. 157 for all non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements. We had previously adopted SFAS No. 157 for all financial assets and liabilities. SFAS No. 157 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, we consider the principal or most advantageous market in which we would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions, and credit risk.

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SFAS No. 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The levels of the fair value hierarchy under SFAS No. 157 are described below:

- Level 1 Valuation is based upon quoted prices for identical instruments traded in active markets.
- Level 2 Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

Investments

As of June 30, 2009 and December 31, 2008, our investments consisted entirely of corporate debt securities. Our corporate debt securities are valued using third-party broker statements. The value of the majority of our corporate debt securities is derived from quoted market information. The inputs to the valuation are generally classified as Level 1 given the active market for these securities, however, if an active market does not exist, the inputs are recorded at a lower level in the fair value hierarchy.

Derivative Instruments and Hedging Activities

Our derivative instruments are valued using third-party broker or counterparty statements. The value is derived from pricing models using inputs based upon market information, including contractual terms, market prices and yield curves. The inputs to the valuation pricing models are observable in the market, and as such are generally classified as Level 2 in the fair value hierarchy.

Restructuring Charges

SFAS No. 146 specifies that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred, instead of upon commitment to an exit plan. On an ongoing basis, management assesses the profitability and utilization of our facilities and in some cases management has chosen to close facilities. Accrued restructuring costs were valued using a discounted cash flow model. Significant assumptions used in determining the amount of the estimated liability for closing a facility are the estimated liability for future lease payments on vacant facilities, which we determine based on a third-party broker's assessment of our ability to successfully negotiate early termination agreements with landlords and/or to sublease the facility, and the discount rate utilized to determine the present value of the future expected cash flows. If the assumptions regarding early termination and the timing and

amounts of sublease payments prove to be inaccurate, we may be required to record additional losses, or conversely, a future gain, in the Condensed Consolidated Statements of Operations.

As described in Note 4, "Impairment Losses and Restructuring Charges," during the six months ended June 30, 2009, we closed our facility in Regina, Saskatchewan, which resulted in \$0 and \$4,436 of accrued restructuring costs during the three and six months ended June 30, 2009. These costs were valued using a discounted cash flow model. The cash flows consist of the future lease payment obligations required under the lease agreement. We assumed that we would not sublease the vacant facility for the remainder of the lease term based on our knowledge of the Regina marketplace, as well as our historical inability to sublease our facilities in other locations in which we operate. In the future, if we are able to sublease the facility, we may be required to record a gain in the Condensed Consolidated Statements of Operations. Future cash flows also include estimated property taxes through the remainder of the lease term, which are valued based upon historical tax payments. The future cash flows were discounted using a rate of 3%. Given that the restructuring charges were valued using our internal estimates using a discounted cash flow model, we have classified the accrued restructuring costs as Level 3 in the fair value hierarchy.

Impairment of Long-Lived Assets

As described in Note 4, "Impairment Losses and Restructuring Charges," during the three and six months ended June 30, 2009, we recorded approximately \$0 and \$1,756 of impairment losses in our Canadian segment, due to the impairment of certain long-lived assets for which the carrying value of those assets is not recoverable. These assets are located in a facility for which we do not have long-term customer commitments and therefore, we are uncertain about our ability to generate future cash flows to support the carrying value of these assets. The long-lived assets include computer and telephone equipment, furniture and fixtures, leasehold improvements and software. For assets which were not recoverable through future cash flows or could not be used in another facility,

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we reduced the carrying value to fair value. The fair value of these long-lived assets after the impairment charge was \$228. Given that the impairment losses were valued using internal estimates, we have classified the remaining fair value of long-lived assets as Level 3 in the fair value hierarchy.

Fair Value Hierarchy

The following tables set forth our assets and liabilities measured at fair value on a recurring basis and a non-recurring basis by level within the fair value hierarchy. As required by SFAS No. 157, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Assets Measured at Fair Value on a Recurring Basis as of June 30, 2009			Total
	Level 1	Level 2	Level 3	
Assets:				
Corporate debt securities	\$ 498	\$ —	\$ —	\$ 498
Derivative instruments	—	899	—	899
Total fair value of assets measured on a recurring basis	<u>\$ 498</u>	<u>\$ 899</u>	<u>\$ —</u>	<u>\$ 1,397</u>
Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis During the Six Months ended June 30, 2009				
	Level 1	Level 2	Level 3	Total
Assets:				
Property, plant and equipment, net	\$ —	\$ —	\$ 228	\$ 228
Total fair value of assets measured on a non-recurring basis	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 228</u>	<u>\$ 228</u>
Liabilities:				
Accrued restructuring costs	\$ —	\$ —	\$ 4,436	\$ 4,436
Total fair value of liabilities measured on a non-recurring basis	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,436</u>	<u>\$ 4,436</u>

10. DEBT

On June 26, 2009, we entered into a business loan agreement, promissory note and three commercial security agreements (together the "Agreement") with UMB Bank Colorado, N.A. ("UMB Bank") for a \$15 million secured revolving line of credit. The Agreement is effective July 1, 2009 through August 1, 2010. This Agreement replaced our \$10 million secured revolving line of credit with Wells Fargo Bank N.A., which expired by its terms on June 30, 2009. There was no balance outstanding on either the line of credit with UMB Bank or the previous line of credit with Wells Fargo Bank N.A. as of June 30, 2009.

Borrowings under the Agreement bear interest, at our option at the time of the borrowing, of the thirty, sixty or ninety day LIBOR index, plus 1.75%. The interest rate shall never be less than 3.25% per annum. Under the Agreement, we granted UMB Bank a security interest in all of our present and future accounts receivable, general intangibles, and owned real property. In addition, under the Agreement, we are subject to certain financial covenants, which include maintaining 1) a ratio of total liabilities to tangible net worth of less than 1.0 to 1.0, 2) a tangible net worth of at least \$105 million, 3) unencumbered liquid assets, defined as cash, certificate of deposits and marketable securities, of at least \$10 million measured on the last day of each fiscal quarter and 4) a cash flow coverage ratio, as defined in the Agreement, of greater than 1.50 to 1.0 measured on the last day of each fiscal quarter for the previous twelve months.

In addition, during the three months ended June 30, 2009, we paid off the remaining principal balance on the Secured Equipment Promissory Note between Wells Fargo Equipment Finance, Inc. and StarTek USA, Inc., our wholly owned subsidiary, and the Canadian Dollar Secured Equipment Loan between Wells Fargo Equipment Finance Company, Inc. and StarTek Canada Services, Ltd., our wholly owned subsidiary. The loans had original maturities in November 2010. The total payoff on these loans, including pre-payment penalties, was \$5,688.

[Table of Contents](#)**11. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)**

Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income," establishes standards for reporting and display of comprehensive income. Comprehensive income is defined essentially as all changes in stockholders' equity, exclusive of transactions with owners. The following represents the components of other comprehensive income (loss):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Net income (loss)	\$ 1,327	\$ (4,519)	\$ 1,979	\$ (4,850)
Other comprehensive income (loss):				
Foreign currency translation adjustments, net of tax	224	(78)	136	(451)
Change in fair value of derivative instruments, net of tax	1,713	71	2,007	(41)
Unrealized gain (loss) on available for sale securities, net of tax	7	153	51	(67)
Comprehensive income (loss)	\$ 3,271	\$ (4,373)	\$ 4,173	\$ (5,409)

Accumulated other comprehensive income (loss) consisted of the following items:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Accumulated foreign currency translation adjustments:				
Beginning balance	\$ 1,002	\$ 2,180	\$ 1,090	\$ 2,553
Translation adjustments, net of tax	224	(78)	136	(451)
Ending balance	\$ 1,226	\$ 2,102	\$ 1,226	\$ 2,102
Accumulated unrealized derivative (losses) gains:				
Beginning balance	\$ (1,150)	\$ (92)	\$ (1,444)	\$ 20
Gain (loss) reclassified to earnings, net of tax	14	16	(1,019)	(114)
Change in fair value of cash flow hedges, net of tax	1,699	55	3,026	73
Ending balance	\$ 563	\$ (21)	\$ 563	\$ (21)
Accumulated unrealized losses on available for sale securities:				
Beginning balance	\$ (17)	\$ (249)	\$ (61)	\$ (29)
Gain (loss) reclassified to earnings, net of tax	2	—	(1)	—
Change in fair value of available for sale securities, net of tax	5	153	52	(67)
Ending balance	\$ (10)	\$ (96)	\$ (10)	\$ (96)

12. SHARE-BASED COMPENSATION

Compensation cost that has been charged against income related to share-based compensation for the three months ended June 30, 2009 and 2008 was \$472 and \$241, respectively and is included in selling, general and administrative expense. The compensation cost that has been charged for the six months ended June 30, 2009 and 2008 was \$937 and \$614, respectively. A summary of activity during the six months ended June 30, 2009 related to our equity awards is presented below.

Stock Options

A summary of option activity as of June 30, 2009, and changes during the six months then ended is presented below:

	Shares	Weighted Average Exercise Price
Outstanding as of January 1, 2009	1,629	\$ 11.45
Granted	678	4.29
Exercised	—	—
Forfeited	(111)	8.65
Expired	(34)	15.55
Outstanding as of June 30, 2009	2,162	\$ 9.29

[Table of Contents](#)**Restricted Shares**

Restricted share activity during the six months ended June 30, 2009 was as follows:

	Restricted Shares	Grant Date Fair Value
Non-vested balance as of January 1, 2009	62	\$ 10.45
Granted	7	4.76
Vested	(14)	9.01
Forfeited	(3)	9.01
Non-vested balance as of June 30, 2009	52	\$ 10.14

13. INCOME TAXES

The year-to-date effective tax rate for continuing operations decreased from 35.6% during the six months ended June 30, 2008 to 20.4% during the six months ended June 30, 2009. The primary difference between the periods is an increase in work opportunity credits and a larger impact from the change in the Canadian statutory tax rates in 2009 compared to 2008. Effective January 1, 2008, the Canadian statutory rate was reduced from 22.1% to 19.5% for fiscal year 2008 and to 19.0% for fiscal year 2009. The rate will continue to decrease each year until it is 15.0% by 2012.

Differences between U.S. statutory income tax rates and our effective tax rates for continuing operations for the six months ended June 30, 2009 and 2008 were:

	Six Months Ended June 30,	
	2009	2008
U.S. statutory tax rate	35.0%	35.0%
Effect of state taxes (net of Federal benefit)	4.3%	1.6%
Work opportunity credits	(17.2)%	7.2%
Effect of change in Canadian tax rate	(12.0)%	(5.4)%
Meals and entertainment	4.2%	(1.9)%
Other, net	6.1%	(0.9)%
Total	20.4%	35.6%

14. LITIGATION

In our Annual Report on Form 10-K filed March 3, 2009, we described two material pending litigation matters: West Palm Beach Firefighters' Pension Fund v. StarTek, Inc., et al. (U.S. District Court, District of Colorado) filed on July 8, 2005, and John Alden v. StarTek, Inc., et al. (U.S. District Court, District of Colorado) filed on July 20, 2005 (the "Litigation").

On July 20, 2009, we executed a Stipulation of Settlement ("Stipulation") with lead plaintiffs to settle the Litigation. Under the terms of the Stipulation, defendants will pay \$7,500 to completely resolve the Litigation, in exchange for a release of all claims by lead plaintiffs and class members and a dismissal of the Litigation with prejudice. StarTek's primary insurance carrier will contribute \$6,900 and StarTek will contribute \$600 to the Settlement Fund (as defined in the Stipulation). The settlement as set forth in the Stipulation is subject to various conditions, including preliminary approval by the United States District Court for the District of Colorado (the "Court"), notice to the class members, a final hearing, and final approval by the Court. We have accrued for our portion of the settlement due, or \$600 in our Condensed Consolidated Statement of Operations during the three and six months ended June 30, 2009.

We are involved from time to time in other litigation arising in the normal course of business, none of which is expected by management to have a material adverse effect on our business, financial condition or results of operations.

15. SUBSEQUENT EVENT

On July 20, 2009, we executed a Stipulation of Settlement with lead plaintiffs to settle two pending litigation matters. Refer to Note 14, "Litigation", for further information regarding the Stipulation of Settlement.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our Unaudited Consolidated Financial Statements and related Notes included elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2008, and with the information under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2008.

Unless otherwise noted in this report, any description of "us" or "we" refers to StarTek, Inc. and our subsidiaries. Financial information in this report is presented in U.S. dollars.

BUSINESS DESCRIPTION AND OVERVIEW

StarTek is a provider of business process outsourcing services to the communications industry. We partner with our clients to meet their business objectives and improve customer retention, increase revenues and reduce costs through an improved customer experience. Our solutions leverage industry knowledge, best business practices, skilled agents, proven operational excellence and flexible technology. The StarTek comprehensive service suite includes customer care, sales support, complex order processing, accounts receivable management, technical support and other industry-specific processes. We operate our business within three reportable segments, based on the geographic regions in which our services are rendered: (1) the U.S., (2) Canada and (3) the Philippines ("Offshore"). As of June 30, 2009, our U.S. segment included the operations of our thirteen facilities in the U.S.; our Canada segment included the operations of our five facilities in Canada; and our Offshore segment included the operations of our facility in Makati City, Philippines. As of June 30, 2008, there were fourteen, six and zero operating centers in the U.S., Canada and Offshore, respectively. We use gross profit as our measure of profit and loss for each business segment and do not allocate selling, general and administrative expenses to our business segments.

We endeavor to achieve site optimization at all of our locations by routinely evaluating site performance. If local economic conditions, prevailing wage rates, or other factors, negatively impact the long-term financial viability of a location, management will from time to time make the decision to close a facility. As a result, we may incur impairment losses or restructuring charges in connection with the closure. Likewise, management is continually in pursuit of opportunities to open new locations in economically viable geographic markets in order to improve profitability and grow the business.

SIGNIFICANT DEVELOPMENTS DURING THE THREE AND SIX MONTHS ENDED JUNE 30, 2009

In February 2009, we closed our facility in Regina, Saskatchewan. The closure of our Regina facility was driven by market conditions, namely recruiting challenges in this location, which impacted the profitability of the site and management determined it was in our long-term interest to close the location. This closure resulted in approximately \$2.9 million and \$5.2 million less revenue during the three and six months ended June 30, 2009 and \$0.1 million and \$nil less gross profit during the three and six months ended June 30, 2009 compared to the comparable periods ended June 30, 2008. We also incurred restructuring charges of approximately \$4.4 million during the six months ended June 30, 2009 related to the closure, which is discussed in further detail below.

On February 25, 2009, we entered into an agreement to sell the assets of Domain.com, our wholly owned subsidiary, to A. Emmet Stephenson, Jr., Inc. ("Mr. Stephenson") in exchange for cash of \$7.075 million. The assets of Domain.com consist of domain names, trademarks and corporation names. We conducted an auction for the assets and received bids from multiple parties, including Mr. Stephenson. Mr. Stephenson presented the highest bid, which represented the selling price, of \$7.075 million and the sale was completed effective February 25, 2009. Mr. Stephenson is one of our co-founders, has managed the Domain.com subsidiary since 2006 and owns approximately 20% of our common shares outstanding. Because the transaction involves a related party, the Audit Committee of our Board of Directors considered and approved the transaction.

The results of operations and cash flows of Domain.com have been reported as discontinued operations.

RESULTS OF OPERATIONS — THREE MONTHS ENDED JUNE 30, 2009 AND JUNE 30, 2008

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The following table presents selected items from our Condensed Consolidated Statements of Operations in thousands of dollars and as a percentage of revenue for the periods indicated.

	Three Months Ended June 30, 2009	% of Revenue	Three Months Ended June 30, 2008	% of Revenue	% Change Q2 2008 to Q2 2009
Revenue	\$ 73,290	100.0%	\$ 65,467	100.0%	11.9%
Cost of services	60,161	82.1%	57,163	87.3%	5.2%
Gross profit	13,129	17.9%	8,304	12.7%	58.1%
Selling, general and administrative expenses	10,889	14.9%	10,227	15.6%	6.5%
Impairment losses and restructuring charges	—	0.0%	5,500	8.4%	-100.0%
Operating income (loss)	2,240	3.0%	(7,423)	-11.3%	NM
Net interest and other (expense) income	(103)	-0.1%	90	0.1%	NM
Income (loss) from continuing operations before income taxes	2,137	2.9%	(7,333)	-11.2%	NM
Income tax expense (benefit)	810	1.1%	(2,745)	-4.2%	NM
Net income (loss) from continuing operations	1,327	1.8%	(4,588)	-7.0%	NM
Income from discontinued operations, net of tax	—	0.0%	69	0.1%	-100.0%
Net income (loss)	\$ 1,327	1.8%	\$ (4,519)	-6.9%	NM

The following table summarizes our revenues and gross profit for the periods indicated, by reporting segment:

	For the Three Months Ended June 30,			
	2009		2008	
	(in 000s)	(% of Total)	(in 000s)	(% of Total)
United States:				
Revenue	\$ 52,033	71.0%	\$ 41,767	63.8%
Cost of services	41,948	69.7%	35,528	62.2%
Gross profit	\$ 10,085	76.8%	\$ 6,239	75.1%
Gross profit %	19.4%		14.9%	
Canada:				
Revenue	\$ 19,232	26.2%	\$ 23,700	36.2%
Cost of services	15,964	26.5%	21,635	37.8%
Gross profit	\$ 3,268	24.9%	\$ 2,065	24.9%
Gross profit %	17.0%		8.7%	
Offshore:				
Revenue	\$ 2,025	2.8%	\$ —	0.0%
Cost of services	2,249	3.7%	—	0.0%
Gross profit	\$ (224)	-1.7%	\$ —	0.0%
Gross profit %	-11.1%			

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Revenue

Revenue increased by \$7.8 million, or 11.9%, from \$65.5 million in the second quarter of 2008 to \$73.3 million in the second quarter of 2009. The increase was driven by a \$10.3 million increase in revenue in our U.S. segment. Of this increase, \$9.9 million was from two new sites that were opened in mid-2008 (Mansfield, OH and Jonesboro, AK). This was partially offset by \$3.9 million less revenue from site closures in Big Spring, TX and Petersburg, VA in

August 2008 and December 2008, respectively. The remainder of the change was driven by increases in the number of average full-time equivalent agents and utilization at other U.S. locations. In the second quarter of 2009, average full-time equivalent agents increased by 15.7% from the second quarter of 2008. This was due in large part to the full ramp of a site which transitioned to a new customer and contributed approximately \$1.8 million of additional revenue in the second quarter of 2009. Revenues in our Canadian segment declined by \$4.5 million in the second quarter of 2009 compared to the same period in 2008. Of this decrease, \$2.9 million was due to the site closure in Regina, Saskatchewan. The remainder was due to a decline of 11.3% in average full-time equivalent agents at our other Canadian locations. Revenue from our Offshore segment increased from \$0 in the second quarter of 2008 to \$2.0 million in the second quarter of 2009 because our site in Makati City, Philippines opened in September 2008.

Cost of Services and Gross Profit

Cost of services increased by \$3.0 million, or 5.2%, from \$57.2 million in the second quarter of 2008 to \$60.2 million in the second quarter of 2009. Cost of services in the U.S. increased by approximately \$6.4 million, of which \$3.0 million was related to the net addition of new sites, less closures, year over year, as discussed above. Gross profit as a percentage of revenue in the U.S. increased from 14.9% in the second quarter of 2008 to 19.4% in the second quarter of 2009. This increase was driven by higher utilization, which we define as average full-time equivalent agents divided by available seat capacity, which increased from 63% in the second quarter of 2008 to 82% in the second quarter of 2009. Cost of services in Canada declined by \$5.7 million in the second quarter of 2009 from the second quarter of 2008, of which \$3.1 million was due to the closure of the facility in Regina, Saskatchewan and \$2.0 million was due to improvements in the Canadian to U.S. dollar exchange rate. The remaining decrease in the Canadian segment was due to fewer agents, as described above. Cost of services for our Offshore segment increased by approximately \$2.2 million due to the opening of our Makati City, Philippines location.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by \$0.7 million, or 6.5%, from \$10.2 million in the second quarter of 2008 to \$10.9 million in the second quarter of 2009. The increase was due to an increase of \$0.6 million in payroll expenses, driven by a \$0.4 million increase in bonuses and \$0.2 million higher stock based compensation expense. In addition, selling, general and administrative expenses increased by \$0.6 million due to an accrual for the settlement of our shareholder lawsuit which we entered into a Stipulation of Settlement for on July 20, 2009. These increases were partially offset by decreases of \$0.3 million and \$0.2 million in depreciation expense and employee training expense, respectively.

Impairment Losses and Restructuring Charges

Impairment losses and restructuring charges declined from \$5.5 million in the second quarter of 2008 to \$0 in the second quarter of 2009. In the second quarter of 2008, we recorded \$4.1 million in impairment losses due to impairment of certain long-lived assets (\$2.3 million in the U.S. segment and \$1.8 million in the Canadian segment) and \$1.4 million in restructuring charges associated with the closure of our site in Hawkesbury, Ontario, Canada. We did not incur any impairment losses or restructuring charges during the second quarter of 2009.

Operating Income (Loss)

We had operating income of \$2.2 million during the three months ended June 30, 2009 and an operating loss of \$7.4 million during the three months ended June 30, 2008. Operating income (loss) as a percentage of revenue was 3.0% for the three months ended June 30, 2009 compared to (11.3%) for the three months ended June 30, 2008. The increase was a result of lower impairment and restructuring charges and higher revenue, partially offset by an increase in cost of services and selling, general and administrative expenses, as discussed previously.

Net Interest and Other (Expense) Income

Net interest and other expense was approximately \$0.1 million during the second quarter of 2009, compared to net interest and other income of approximately \$0.1 million in the second quarter of 2008. The decrease was due primarily to \$0.3 million less interest and investment income in the second quarter of 2009, compared to the second quarter of 2008 due to lower cash and investments during

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the period. This decrease to interest income was offset by a \$0.1 million decrease in interest expense due to less interest expense related to our equipment loans and line of credit, partially offset by a pre-payment penalty on the equipment loans.

Income Tax

The quarterly effective tax rate for continuing operations remained consistent, increasing slightly from 37.4% during the three months ended June 30, 2008 to 37.9% during the three months ended June 30, 2009.

Net Income (Loss)

Net income was \$1.3 million for the second quarter of 2009 and we had a net loss of approximately \$4.5 million during the second quarter of 2008. The increase in net income was primarily due to higher revenue and the absence of impairment and restructuring charges, partially offset by higher cost of services and selling, general and administrative expenses, as discussed previously.

RESULTS OF OPERATIONS — SIX MONTHS ENDED JUNE 30, 2009 AND JUNE 30, 2008

	Six Months Ended June 30, 2009	% of Revenue	Six Months Ended June 30, 2008	% of Revenue	% Change YTD June 30, 2008 to 2009
Revenue	\$ 144,001	100.0%	\$ 130,050	100.0%	10.7%
Cost of services	120,149	83.4%	112,279	86.3%	7.0%
Gross profit	23,852	16.6%	17,771	13.7%	34.2%
Selling, general and administrative expenses	20,581	14.3%	20,317	15.6%	1.3%
Impairment losses and restructuring charges	6,437	4.5%	5,608	4.4%	14.8%

Operating loss	(3,166)	-2.2%	(8,154)	-6.3%	NM
Net interest and other (expense) income	(178)	-0.1%	400	0.3%	NM
Loss from continuing operations before income taxes	(3,344)	-2.3%	(7,754)	-6.0%	NM
Income tax benefit	(683)	-0.5%	(2,763)	-2.2%	NM
Net loss from continuing operations	(2,661)	-1.8%	(4,991)	-3.8%	NM
Income from discontinued operations, net of tax	4,640	3.2%	141	0.1%	NM
Net income (loss)	\$ 1,979	1.4%	\$ (4,850)	-3.7%	NM

The following table summarizes our revenues and gross profit for the periods indicated, by reporting segment:

	For the Six Months Ended June 30,			
	2009		2008	
	(in 000s)	(% of Total)	(in 000s)	(% of Total)
United States:				
Revenue	\$ 101,397	70.4%	\$ 81,725	62.8%
Cost of services	82,515	68.7%	67,480	60.1%
Gross profit	\$ 18,882	79.2%	\$ 14,245	80.2%
Gross profit %	18.6%		17.4%	
Canada:				
Revenue	\$ 38,413	26.7%	\$ 48,325	37.2%
Cost of services	33,399	27.8%	44,799	39.9%
Gross profit	\$ 5,014	21.0%	\$ 3,526	19.8%
Gross profit %	13.1%		7.3%	
Offshore:				
Revenue	\$ 4,191	2.9%	\$ —	0.0%
Cost of services	4,235	3.5%	—	0.0%
Gross profit	\$ (44)	-0.2%	\$ —	0.0%
Gross profit %	-1.0%			

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Revenue

Revenue increased by \$14.0 million, or 10.7%, from \$130.0 million in the six months ended June 30, 2008 to \$144.0 million in the six months ended June 30, 2009. The increase was driven by the U.S. segment and the Offshore segment which increased by \$19.7 million and \$4.2 million, respectively. The increase in U.S. revenue was due to three new U.S. facilities added in 2008, partially offset by the closure of two U.S. facilities. The net impact of these openings and closures was \$11.9 million in additional revenue. U.S. revenue also increased due to the full ramp of a site which transitioned to a new customer and contributed \$3.4 million of additional revenue in the six months ended June 30, 2009 compared to the six months ended June 30, 2008. The remaining increase of \$4.4 million at the remaining U.S. facilities was driven by an increase in the number of average full-time equivalent agents, which increased approximately 7.9% from the six months ended June 30, 2008 to the six months ended June 30, 2009. The offshore facility in Makati City, Philippines opened in September 2008, and as such did not contribute revenue during the first half of 2008 and contributed \$4.2 million in the first half of 2009. Revenue from Canada decreased by \$9.9 million in the first half of 2009 compared to the same period in 2008 due primarily to the closure of our Regina, Saskatchewan facility in February 2009 which had approximately \$5.2 million less revenue in the six months of 2009 compared to the same period in 2008. In addition, revenue decreased by approximately \$0.6 million due to changes in the foreign exchange rate between the U.S. dollar and Canadian dollar. The remainder of the decrease in the Canadian segment was due to a decrease in the number of average full-time equivalent agents, which decreased by approximately 13.3% in the first half of 2009 from the first half of 2008.

Cost of Services and Gross Profit

Cost of services increased by \$7.9 million, or 7.0%, from \$112.3 million in the six months ended June 30, 2008 to \$120.1 million in the six months ended June 30, 2009. Cost of services in the U.S. increased by approximately \$15.0 million, of which \$8.0 million related to the net addition of new sites year over year, as discussed above. Cost of services at our other U.S. facilities also increased during the first half of 2009 compared to the first half of 2008 due to a greater number of agents, as described above. In addition, cost of services increased by approximately \$4.2 million due to the opening of the Makati City, Philippines location. These increases to cost of services were offset by lower cost of services in Canada due in part to the closure of the Regina location, which accounted for \$5.3 million of the decrease. Additionally, cost of services decreased by \$4.2 million in the first half of 2009 compared to the first half of 2008 due to a stronger U.S. to Canadian dollar exchange rate. The remaining decrease in the Canadian segment was due to fewer agents, as described above.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by \$0.3 million, or 1.3%, from \$20.3 million in the first six months of 2008 to \$20.6 million in the first six months of 2009. The increase was primarily due to \$0.6 million in expense associated with the settlement of our shareholder lawsuit, \$0.6 million increase in payroll expense, \$0.2 million increase in other legal expense and \$0.2 million increase in relocation expenses. These increases were partially offset by declines in depreciation expense of \$0.5 million, hiring expense of \$0.2 million, consulting fees of \$0.1 million, maintenance contract expenses of \$0.1 million and telephone expenses of \$0.1 million.

Impairment Losses and Restructuring Charges

Impairment losses and restructuring charges were \$6.4 million and \$5.6 million for the six months ended June 30, 2009 and 2008, respectively. Restructuring charges were \$4.7 million during the six months ended June 30, 2009, related primarily to the closure of our Regina, Saskatchewan facility in February 2009 for which we incurred approximately \$4.4 million of charges. The costs relate primarily to the building lease costs through the remainder of the lease term, or

July 2013. Accrued restructuring costs were valued using a discounted cash flow model and the cash flows consist of the future lease payment obligations required under the lease agreements and property taxes through the remainder of the lease term. We assumed that we would not sublease the vacant facilities for the remainder of the lease term. In the future, if we are able to sublease the facilities, we may be required to record a gain in the Condensed Consolidated Statements of Operations. The remainder of the restructuring charges during the first half of 2009 were due to adjustments in our estimated liability for our other restructuring plans. We recorded \$1.5 million in restructuring charges in the first half of 2008 related to the closure of our Hawkesbury, Ontario facility in 2007.

We recorded approximately \$1.7 million in impairment losses during the first half of 2009 due to the impairment of certain long-lived assets for which the carrying value of those assets is not recoverable. These assets are located in a facility for which we are uncertain about our ability to generate future cash flows to support the carrying value of these assets. The long-lived assets include computer and telephone equipment, furniture and fixtures, leasehold improvements and software. We recorded \$4.1 million in impairment losses in the first half of 2008 due to impairment of certain long-lived assets (\$2.3 million in the U.S. segment and \$1.8 million in the Canadian segment).

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Operating Loss

We incurred operating losses of approximately \$3.2 million and \$8.2 million for the six months ended June 30, 2009 and 2008, respectively. Operating loss as a percentage of revenue was (2.2%) for the six months ended June 30, 2009 compared to (6.3%) for the six months ended June 30, 2008. The decline in the loss was driven by an increase in revenue, partially offset by higher impairment and restructuring charges, cost of services and selling, general and administrative costs, as discussed previously.

Net Interest and Other (Expense) Income

Net interest and other expense was approximately \$0.2 million during the first half of 2009, compared to net interest and other income of approximately \$0.4 million in the first half of 2008. The change was due primarily to a decrease in interest and investment income of approximately \$0.7 million in the first half of 2009 compared to the first half of 2008 due to a decline in our investment balance during these periods, partially offset by less interest expense, which declined by approximately \$0.1 million in the first half of 2009 compared to the first half of 2008.

Income Tax

The year-to-date effective tax rate for continuing operations decreased from 35.6% during the six months ended June 30, 2008 to 20.4% during the six months ended June 30, 2009. The primary difference between the periods is an increase in work opportunity credits and a larger impact from the change in the Canadian statutory tax rates in 2009 compared to 2008.

Income from Discontinued Operations

Income from discontinued operations was approximately \$4.6 million during the six months ended June 30, 2009 and approximately \$0.1 million during the six months ended June 30, 2008. In February 2009, we sold Domain.com, a wholly owned subsidiary, for cash of approximately \$7.1 million. We had a gain on the sale of approximately \$6.9 million, less taxes of approximately \$2.3 million.

Net Income (Loss)

Net income was \$2.0 million during the six months ended June 30, 2009 and net loss was approximately \$4.9 million during the six months ended June 30, 2008. The increase in net income was primarily due to higher revenue and income from discontinued operations, partially offset by higher cost of services, selling, general and administrative expenses and impairment and restructuring charges, as discussed previously.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2009, working capital totaled \$56.8 million and our current ratio was 3.21:1, compared to working capital of \$47.6 million and a current ratio of 2.58:1 at December 31, 2008. We have historically financed our operations, liquidity requirements, capital expenditures, and capacity expansion primarily through cash flows from operations, and to a lesser degree, through various forms of debt and leasing arrangements. In addition to funding basic operations, our primary uses of cash typically relate to capital expenditures to upgrade our existing information technologies and service offerings, investments in our facilities. We believe that cash flows from operations and cash provided by short-term borrowings, when necessary, will adequately meet our ongoing operating requirements. Any significant future expansion of our business may require us to secure additional cash resources. Our liquidity could be significantly impacted by large cash requirements to expand our business or a decrease in demand for our services, particularly from any of our principal clients, which could arise from a number of factors, including, but not limited to, competitive pressures, adverse trends in the business process outsourcing market, industry consolidation, adverse circumstances with respect to the industries we service, and any of the other factors we describe more fully in the "Risk Factors" section in our Annual Report on Form 10-K for the year ended December 31, 2008.

	<u>Six Months Ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
	(in thousands)	
Net cash provided by (used in):		
Operating activities	\$ 6,524	\$ 9,593
Investing activities	10,064	(14,163)
Financing activities	(6,842)	(2,204)
Effect of foreign exchange rates on cash	501	(570)
Net increase in cash and cash equivalents	<u>\$ 10,247</u>	<u>\$ (7,344)</u>

Our balance of cash and cash equivalents was \$19.8 million at June 30, 2009, compared to a balance of \$9.6 million at December 31, 2008.

Operating Activities. Net cash provided by operating activities decreased by \$3.1 million from \$9.6 million for the six months ended June 30, 2008 to \$6.5 million for the six months ended June 30, 2009. Net cash provided by operating activities from continuing operations was \$8.9 million, or a decrease of \$0.6 million. The slight decline of \$0.6 million in cash provided by operating activities from continuing operations was driven by the following decreases: 1) \$3.5 million of lower collections of accounts receivable period over period due to the timing of collections of large billings, 2) \$1.6 million in less accounts payable due to timing of payments of purchases and 3) \$1.3 million of lower income from continuing operations after impairment losses and depreciation expense (net loss from continuing operations improved by \$2.3 million offset by \$3.6 million less impairment and depreciation expense). These decreases to cash provided by operating activities from continuing operations were partially offset by the following increases: 1) \$3.0 million in deferred income taxes, whereby the deferred income tax asset declined by \$1.4 million in the first six months of 2009 compared to an increase of \$1.6 million in the same period of 2008 because of the utilization of net operating loss carry forwards and less impairment and restructuring charges and 2) \$2.7 million in income taxes receivable which decreased in the first half of 2009 because of the collection of a large outstanding income tax receivable in the period.

Investing Activities. Net cash provided by investing activities was \$10.1 million in the first six months of 2009 compared to cash used in investing activities of \$14.2 million in the first six months of 2008. The increase was due to 1) proceeds from the sale of Domain.com of \$7.1 million, 2) a \$7.7 million decrease in purchases of property, plant and equipment due to no new site openings in the first six months of 2009 compared to the opening of two new sites in the first six months of 2008 and 3) an increase in net proceeds from the sale of investments, net of purchases, of \$9.5 million which was a result of a shift towards more conservative holdings of cash and cash equivalents.

Financing Activities. Net cash used in financing activities increased by \$4.6 million from \$2.2 million in the six months ended June 30, 2008 to \$6.8 million for the six months ended June 30, 2009. The increase was due primarily to an increase in payments on long-term debt of \$4.7 million due to the pay-off of our two equipment loans in the second quarter of 2009. Refer to “Liquidity and Capital Resources — Contractual Obligations” below for further information on the pay-off of these loans.

Contractual Obligations. Other than operating and capital leases for certain equipment, real estate and leases and commitments to purchase goods and services in the future, we have no off-balance sheet transactions, unconditional purchase obligations or similar instruments and we are not a guarantor of any other entities’ debt or other financial obligations.

On June 26, 2009, we entered into a business loan agreement, promissory note and three commercial security agreements (together the “Agreement”) with UMB Bank Colorado, N.A. (“UMB Bank”) for a \$15 million secured revolving line of credit. The Agreement is effective July 1, 2009 through August 1, 2010. This Agreement replaced our \$10 million secured revolving line of credit with Wells Fargo Bank N.A., which expired by its terms on June 30, 2009. We use this line of credit to finance regular, short-term operating expenses. There was no balance outstanding on either the line of credit with UMB Bank or the previous line of credit with Wells Fargo Bank N.A. as of June 30, 2009. As of June 30, 2009, we were in compliance with our debt covenants.

Borrowings under the Agreement bear interest, at our option at the time of the borrowing, of the thirty, sixty or ninety-day LIBOR index, plus 1.75%. The interest rate shall never be less than 3.25% per annum. Under the Agreement, we granted UMB Bank a security interest in all of our present and future accounts receivable, general intangibles, and owned real property. In addition, under the Agreement, we are subject to certain financial covenants, which include maintaining 1) a ratio of total liabilities to tangible net worth of less than 1.0 to 1.0, 2) a tangible net worth of at least \$105 million, 3) unencumbered liquid assets, defined as cash, certificate of deposits and marketable securities, of at least \$10 million measured on the last day of each fiscal quarter and 4) a cash flow coverage ratio, as defined in the Agreement, of greater than 1.50 to 1.0 measured on the last day of each fiscal quarter for the previous twelve months.

In addition, during the second quarter of 2009, we paid off the remaining principal balance on the Secured Equipment Promissory Note between Wells Fargo Equipment Finance, Inc. and StarTek USA, Inc., our wholly owned subsidiary, and the Canadian Dollar Secured Equipment Loan between Wells Fargo Equipment Finance Company, Inc. and StarTek Canada Services, Ltd., our wholly owned subsidiary. The loans had original maturities in November 2010. The total payoff on these loans, including pre-payment penalties, was approximately \$5.7 million.

Other Factors Impacting Liquidity. Effective November 4, 2004, our board of directors authorized purchases of up to \$25.0 million of our common stock. The repurchase program will remain in effect until terminated by the board of directors and allows us to repurchase shares of our common stock from time to time on the open market, in block trades and in privately-negotiated transactions. Repurchases will be implemented by the Chief Financial Officer consistent with the guidelines adopted by the board of directors and will depend on market conditions and other factors. Any repurchases of shares will be made in accordance with Securities and Exchange Commission rules. We have not yet repurchased any shares pursuant to this board authorization.

Our business currently has a high concentration of a few principal clients. The loss of a principal client and/or changes in timing or termination of a principal client’s product launch or service offering would have a material adverse effect on our business, liquidity, operating results, and financial condition. These client relationships are further discussed in Note 6, “Principal Clients,” to our Condensed Consolidated Financial Statements, which are included at Item 1, “Financial Statements,” of this Form 10-Q. To limit our credit risk, management from time to time will perform credit evaluations of our clients. Although we are directly impacted by the economic conditions in which our clients operate, management does not believe substantial credit risk existed as of June 30, 2009. Refer to Item 1A. “Risk Factors” appearing in our Annual Report on Form 10-K for the year ended December 31, 2008 for further information regarding these risks.

As of June 30, 2009, we had approximately \$0.5 million invested in corporate debt securities. There is a risk that if those companies in which we are invested suffer due to economic conditions or other reasons, we could realize losses on these investments which could impact our liquidity.

There is a risk that the counterparties to our hedging instruments could suffer financial difficulties due to economic conditions or other reasons and we could realize losses on these arrangements which could impact our liquidity. However, we do not believe we are exposed to more than a nominal amount of credit risk in our derivative hedging activities, as the counterparties are established, well-capitalized financial institutions.

Although management cannot accurately anticipate the effects of domestic and foreign inflation on our operations, management does not believe inflation has had, or is likely in the foreseeable future to have, a material adverse effect on our results of operations or financial condition.

Variability of Operating Results. Our business has been seasonal only to the extent that our clients' marketing programs and product launches are geared toward the winter holiday buying season. We have experienced and expect to continue to experience some quarterly variations in revenue and operating results due to a variety of factors, many of which are outside our control, including: (i) timing and amount of costs incurred to expand capacity in order to provide for volume growth from existing and future clients; (ii) changes in the volume of services provided to principal clients; (iii) expiration or termination of client projects or contracts; (iv) timing of existing and future client product launches or service offerings; (v) seasonal nature of certain clients' businesses; and (vi) cyclical nature of certain clients' businesses.

Because we service relatively few, large clients, the availability of cash is highly dependent on the timing of cash receipts from accounts receivable. As a result, from time to time, we borrow cash from our line of credit to cover short-term cash needs. These borrowings are typically outstanding for a short period of time before they are repaid. However, our debt balance can fluctuate significantly during any given quarter as part of our ordinary course of business. Accordingly, our debt balance at the end of any given quarter is not necessarily indicative of the debt balance at any other time during that period.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

In preparing our condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management must undertake decisions that impact the reported amounts and related disclosures. Such decisions include the selection of the appropriate accounting principles to be applied and assumptions upon which accounting estimates are based. Management applies its best judgment based on its understanding and analysis of the relevant circumstances to reach these decisions. By their nature, these judgments are subject to an inherent degree of uncertainty. Accordingly, actual results may vary significantly from the estimates we have applied.

Our critical accounting policies and estimates are consistent with those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2008. Please refer to Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our Annual Report on Form 10-K for the year ended December 31, 2008, for a complete description of our Critical Accounting Policies and Estimates.

Recently Adopted Accounting Pronouncements

Effective January 1, 2009, we adopted Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS No. 157"), for all non-financial assets and non-financial liabilities, except for items that are recognized or disclosed at fair value on a recurring basis (at least annually) for which SFAS No. 157 was previously adopted. Refer to Note 9, "Fair Value Measurements," of this Form 10-Q for additional information on the adoption of SFAS No. 157.

Effective January 1, 2009, we adopted FASB No. 161, "Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133" ("SFAS No. 161"). SFAS No. 161 requires entities to provide greater transparency through

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additional disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133") and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, results of operations and cash flows. Refer to Note 8, "Derivative Instruments," of this Form 10-Q for additional information on the adoption of SFAS No. 161.

We adopted FASB No. 141(R), "Business Combinations" ("SFAS No. 141(R)"), which significantly changed the accounting for and reporting of business combination transactions. This standard was effective for us for business combination transactions for which the acquisition date was on or after January 1, 2009. No business combination transactions occurred during the six months ended June 30, 2009.

We adopted FASB Staff Position No. 115-2 and SFAS No. 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments" ("FSP No. 115-2 and SFAS No. 124-2"), in the second quarter of 2009. FSP No. 115-2 and SFAS No. 124-2 modifies the other-than-temporary impairment guidance for debt securities through increased consistency in the timing of impairment recognition and enhanced disclosures related to the credit and noncredit components of impaired debt securities that are not expected to be sold. In addition, increased disclosures are required for both debt and equity securities regarding expected cash flows, credit losses, and securities with unrealized losses. Refer to Note 7, "Investments", of this Form 10-Q for the relevant disclosures required by adoption of FSP No. 115-2 and SFAS No. 124-2. The adoption of FSP No. 115-2 and SFAS No. 124-2 did not have a material impact on our financial statements.

We adopted FASB Staff Position No. 107-1 and APB Opinion No. 28-1, "Interim Disclosures about Fair Value of Financial Instruments" ("FSP No. 107-1 and APB Opinion No. 28-1"), in the second quarter of 2009. FSP No. 107-1 and APB Opinion No. 28-1 requires fair value disclosures for financial instruments that are not reflected in the Condensed Consolidated Balance Sheets at fair value. Prior to the issuance of FSP No. 107-1 and APB Opinion No. 28-1, the fair values of those assets and liabilities were disclosed only annually. With the issuance of FSP No. 107-1 and APB Opinion No. 28-1, we are now required to disclose this information on a quarterly basis, providing quantitative and qualitative information about fair value estimates for all financial instruments not measured in the Condensed Consolidated Balance Sheets at fair value. The adoption of FSP No. 107-1 and APB Opinion No. 28-1 did not have a material impact on our financial statements.

We adopted SFAS No. 165, "Subsequent Events" ("SFAS No. 165"), in the second quarter of 2009. SFAS No. 165 establishes the accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. It requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date, that is, whether that date represents the date the financial statements were issued or were available to be issued. Refer to this Note 1, "Basis of Presentation," for the related disclosures. The adoption of SFAS No. 165 did not have a material impact on our financial statements.

Recently Issued Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 168, “The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles” (“SFAS No. 168”). SFAS No. 168 will become the single source of authoritative nongovernmental U.S. generally accepted accounting principles (“GAAP”), superseding existing FASB, American Institute of Certified Public Accountants (“AICPA”), Emerging Issues Task Force (“EITF”), and related accounting literature. SFAS No. 168 reorganizes the thousands of GAAP pronouncements into roughly 90 accounting topics and displays them using a consistent structure. Also included is relevant Securities and Exchange Commission guidance organized using the same topical structure in separate sections. SFAS No. 168 will be effective for financial statements issued for reporting periods that end after September 15, 2009. This will have an impact on our financial statements since all future references to authoritative accounting literature will be references in accordance with SFAS No. 168.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the normal course of business, we are exposed to certain market risks related to changes in interest rates and other general market risks, and foreign currency exchange rates. This information should be read in conjunction with information set forth in Part II, Item 7A in our Annual Report on Form 10-K for the year ended December 31, 2008, in addition to the interim unaudited consolidated financial statements, accompanying notes and management’s discussion and analysis of financial condition and results of operations presented in Items 1 and 2 of this Quarterly Report on Form 10-Q.

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Interest Rate Risk

We are exposed to interest rate risk with respect to our cash and cash equivalents, investments and debt obligations. Cash and cash equivalents are not restricted. We consider cash equivalents to be short-term, highly liquid investments readily convertible to known amounts of cash, and so near their maturity they present insignificant risk of changes in value because of changes in interest rates. At June 30, 2009, investments available for sale consisted of corporate debt securities. Our investment portfolio is subject to interest and inflation rate risks and will fall in value if market interest and/or inflation rates or market expectations relating to these rates increase. Management believes we have the ability to hold the foregoing investments until maturity, and therefore, if held to maturity, we would not expect the future proceeds from these investments to be affected, to any significant degree, by any sudden changes in market interest rates. Declines in interest rates over time will, however, reduce our interest income derived from future investments. In addition, our investments in corporate debt securities could be adversely affected by declines in the economic condition of those companies in which we are invested.

Foreign Currency Exchange Risks

We enter into foreign currency exchange contracts to hedge our anticipated operating commitments that are denominated in foreign currencies. The contracts cover periods commensurate with expected exposure, generally within six months, and are principally unsecured foreign exchange contracts. The market risk exposure is essentially limited to risk related to currency rate movements. Our Canadian and Philippine subsidiaries’ functional currencies are the Canadian dollar and the Philippine peso, respectively, which are used to pay labor and other operating costs in those countries. However, our client contracts generate revenues which are paid to us in U.S. dollars. During the second quarter of 2009, we did not enter into any Canadian dollar forward contracts to hedge our foreign currency risk with respect to labor costs in Canada. As of June 30, 2009, we have not entered into any arrangements to hedge our exposure to fluctuations in the Philippine peso relative to the U.S. dollar. As of June 30, 2009, we had contracted to purchase \$29.1 million Canadian dollars to be delivered periodically through December 2009 at a purchase price which is no more than \$24.3 million and no less than \$24.0 million.

During the three and six months ended June 30, 2009, there were no other material changes in our market risk exposure. For a complete discussion of our market risk associated with foreign currency and interest rate risk as of December 31, 2008, see Item 7A. “Quantitative and Qualitative Disclosures about Market Risk” in our Annual Report on Form 10-K for the year ended December 31, 2008. Also, refer to Item 1A. “Risk Factors” appearing in our Annual Report on Form 10-K for the year ended December 31, 2008 for further information regarding these risks.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures. As of June 30, 2009, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2009, our disclosure controls and procedures were effective and were designed to ensure that all information required to be disclosed by us in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

Changes in internal controls over financial reporting. There was no change in our internal control over financial reporting that occurred during the quarter ended June 30, 2009, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

ITEM 1. LEGAL PROCEEDINGS

In our Annual Report on Form 10-K filed March 3, 2009, we described two material pending litigation matters: West Palm Beach Firefighters’ Pension Fund v. StarTek, Inc., et al. (U.S. District Court, District of Colorado) filed on July 8, 2005, and John Alden v. StarTek, Inc., et al. (U.S. District Court, District of Colorado) filed on July 20, 2005 (the “Litigation”).

On July 20, 2009, we executed a Stipulation of Settlement (“Stipulation”) with lead plaintiffs to settle the Litigation. Under the terms of the Stipulation, defendants will pay \$7.5 million to completely resolve the Litigation, in exchange for a release of all claims by lead plaintiffs and class members and a dismissal of the Litigation with prejudice. StarTek’s primary insurance carrier will contribute \$6.9 million and StarTek will contribute \$0.6 million to the Settlement Fund (as defined in the Stipulation). The settlement as set forth in the Stipulation is subject to various conditions, including preliminary approval by the United States District Court for the District of

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Colorado (the "Court"), notice to the class members, a final hearing, and final approval by the Court. We have accrued for our portion of the settlement due, or \$0.6 million, in our Condensed Consolidated Statement of Operations during the three and six months ended June 30, 2009.

ITEM 1A. RISK FACTORS

There have been no material changes in our risk factors from those disclosed in our 2008 Annual Report on Form 10-K.

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

The annual meeting of stockholders of StarTek, Inc. was held on May 4, 2009. Stockholders were invited to vote, by proxy or in person, on two items. The results of the vote were as follows:

	For	Against	Abstain/ Withhold
Election of Directors			
Ed Zschau	12,399,946	—	1,265,850
P. Kay Norton	13,484,604	—	181,192
Albert C. Yates	12,411,327	—	1,254,470
A. Laurence Jones	13,481,063	—	184,734
Harvey A. Wagner	12,411,398	—	1,254,398
Ratify Appointment of Ernst & Young LLP			
as independent registered public accounting firm of the company for the year ending December 31, 2009	10,690,844	2,958,879	16,073

ITEM 6. EXHIBITS

An *Index of Exhibits* follows the signature page of this Form 10-Q.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

STARTEK, INC.
(REGISTRANT)

By: /s/A. LAURENCE JONES Date: July 31, 2009
A. Laurence Jones
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ DAVID G. DURHAM Date: July 31, 2009
David G. Durham
Executive Vice President, Chief Financial
Officer and Treasurer
(Principal Financial and Accounting Officer)

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Exhibit	Description	Incorporated Herein by Reference		
		Form	Exhibit	Filing Date
3.1	Restated Certificate of Incorporation of the Company.	S-1	3.1	1/29/1997
3.2	Restated Bylaws of the Company.	8-K	3.2	8/2/2007
3.3	Certificate of Amendment to the Certificate of Incorporation of StarTek, Inc. filed with the Delaware Secretary of State on May 21, 1999.	10-K	3.3	3/8/2000
3.4	Certificate of Amendment to the Certificate of Incorporation of StarTek, Inc. filed with the Delaware Secretary of State on May 23, 2000.	10-Q	3.4	8/14/2000
4.1	Specimen Common Stock certificate.	10-Q	4.2	11/6/2007
10.1	Promissory Note, dated June 26, 2009, between StarTek, Inc., StarTek	8-K		7/2/2009

USA, Inc. and StarTek Canada Services, Ltd. And UMB Bank Colorado, N.A.

10.2	Business Loan Agreement, dated June 26, 2009, among StarTek, Inc., StarTek USA, Inc. and StarTek Canada Services, Ltd. And UMB Bank Colorado, N.A.	8-K	7/2/2009
10.3	Commercial Security Agreement, dated June 26, 2009, among StarTek, Inc. as grantor, and StarTek, Inc., StarTek USA, Inc. and StarTek Canada Services, Ltd. And UMB Bank Colorado, N.A.	8-K	7/2/2009
10.4	Commercial Security Agreement, dated June 26, 2009, among StarTek USA, Inc. as grantor, and StarTek, Inc., StarTek USA, Inc. and StarTek Canada Services, Ltd. And UMB Bank Colorado, N.A.	8-K	7/2/2009
10.5	Commercial Security Agreement, dated June 26, 2009, among StarTek Canada Services, Ltd. as grantor, and StarTek, Inc., StarTek USA, Inc. and StarTek Canada Services, Ltd. And UMB Bank Colorado, N.A.	8-K	7/2/2009
10.6*&	Amendment No. 20070105.006.S.012.A.001 effective April 10, 2009 to Agreement No. 20070105.006.S.012 between StarTek, Inc. and AT&T Services, Inc.		
10.7*&	Work Order No. 20070105.006.S.014 effective March 1, 2009 pursuant to Master Services Agreement No. 20070105.006.C dated January 26, 2007 between StarTek, Inc. and AT&T Services Inc.		
10.8*&	Amendment 2007105.006.S.007.A.002 effective June 30, 2009 between StarTek, Inc. and AT&T Services, Inc.		
10.9*	Amendment 20070105.006.A.002 effective April 14, 2009 between StarTek, Inc. and AT&T Services, Inc.		
10.10*&	Amendment 20070105.006.A.003 effective June 24, 2009 between StarTek, Inc. and AT&T Services, Inc.		
10.11*	Amendment GASOW-STAR100606-00.A.006 to Work Order GASOW-STAR100606-00 effective as of July 1, 2009 between StarTek USA, Inc. and AT&T Mobility LLC.		
10.12*&	Amendment No. 2 to T-Mobile USA, Inc. Services Agreement Call Center Services dated April 1, 2009 between T-Mobile USA, Inc. and StarTek USA, Inc.		
31.1*	Certification of A. Laurence Jones pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		

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31.2*	Certification of David G. Durham pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Written Statement of the Chief Executive Officer and Chief Financial Officer furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Filed with this Form 10-Q.

& Certain portions of this exhibit have been omitted pursuant to a request for confidential treatment and have been filed separately with the Securities and Exchange Commission.

Amendment

20070105.006.S.012.A.001

Between

StarTek, Inc.

And

AT&T Services, Inc.

AMENDMENT NO. 1**AGREEMENT NO. 20070105.006.S.012**

This Amendment, effective on the date when signed by the last Party ("Effective Date"), and amending Agreement No. 20070105.006.S.012, is by and between StarTek, Inc., a Delaware corporation ("Supplier"), and AT&T Services, Inc., a Delaware corporation ("AT&T"), each of which may be referred to in the singular as a "Party" or in the plural as the "Parties."

WITNESSETH

WHEREAS, Supplier and AT&T entered into Agreement No. 20070105.006.S.012 on July 10, 2008 (the "Agreement"); and

WHEREAS, Supplier and AT&T desire to amend the Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the covenants hereinafter contained, the Parties hereto agree as follows:

- 1.) **Section 2 Duration** is hereby amended to change the end date in the first sentence to March 31, 2010.
- 2.) **Section 6 Maximum Expenditure** is hereby amended to delete the first sentence and replace with the following:

"The maximum expenditure shall not exceed [*] Dollars (\$[*]) over the life of this Order."

The terms and conditions of Agreement No. 20070105.006.S.012 in all other respects remain unmodified and in full force and effect.

Original signature transmitted and received via facsimile or other electronic transmission of a scanned document, (e.g., .pdf or similar format) are true and valid signatures for all purposes hereunder and shall bind the parties to the same extent as that of an original signature. This Agreement may be executed in multiple counterparts, each of which shall be deemed to constitute an original but all of which together shall constitute only one document.

IN WITNESS WHEREOF, the Parties have caused this Amendment to Agreement No.

Proprietary and Confidential

This Agreement and information contained therein is not for use or disclosure outside of AT&T, its Affiliates, and third party representatives, and Supplier except under written agreement by the contracting Parties.

20070105.006.S.012 to be executed, as of the date the last Party signs.

StarTek, Inc.**AT&T Services, Inc.**By: /s/ David G. DurhamBy: /s/ Michael De PalmaPrinted Name: David G. DurhamPrinted Name: Michael De PalmaTitle: EVP/CFOTitle: Sourcing Director - Contact Centers and MarketingDate: 4/10/09Date: 4/7/09

This Work Order No. 20070105.006.S.014 (“WO”) is issued pursuant to the Master Services Agreement No. 20070105.006.C dated January 26, 2007 (“Agreement”) between AT&T Services, Inc. (“AT&T”) and StarTek, Inc. (“Supplier”) and the Agreement is incorporated by reference herein. Capitalized terms used in this WO not otherwise defined herein shall have the definitions specified in the Agreement. If the WO conflicts with the terms and conditions of the Agreement, the terms and conditions of the Agreement shall control unless set forth in the “Special Considerations” section of this WO in which case the WO shall govern and control.

AT&T hereby authorizes Supplier to perform the following Services:

1. SCOPE OF WORK

- 1.1 Supplier customer services representatives (“CSRs”) shall take and handle inbound customer care inquiries for AT&T’s Business End User Care (“BEUC”) program as set forth in Exhibit D (“Program”) in accordance with the hours of operation set forth in Exhibit E and subject to the applicable rates set forth in Exhibit B.
- 1.2 Supplier shall assist AT&T BEUC customers with the following issues seven (7) days a week subject to applicable laws at the rates set forth in Exhibit B attached hereto. Any other business customer care activities or changes that result in the nature or type, market or mix of call to change shall be subject to Section 4.22 (Change Management) of the Agreement.
 - I. Account Maintenance
 - a. billing statement questions
 - b. adjustments
 - c. changes to features/services (e.g. up-selling services)
 - d. changes of billing information
 - e. customer issues relative to price plans
 - f. customer cancellation inquiries
 - g. adding / deleting promotions & features
 - h. contract inquiries and termination dates
 - i. rate plan changes
 - j. account updates
 - k. lost / stolen phone resolutions
 - l. cancel requests
 - m. promotion / plan clarification
 - n. programming phones
 - o. equipment and features instructions
 - p. voice mail resets
 - q. respond to coverage concerns
 - r. equipment (wireless cell phones and PDAs) changes
 - s. Migration of customers between billing application
 - t. Completion of downtime form and offline services
 - u. Escalated services/resolution
 - II. Clerical/User ID Services
 - a. Activities directly related to data entry, updating, typing, filing, creation of job aids, updating agent communication web sites, maintenance of AT&T user IDs and such other activities as are approved by AT&T in writing.

2. PRIMARY CONTACT INFORMATION

- 2.1 The following will perform the function of primary Supplier Project Manager for the Program for the duration of this WO. Supplier will use reasonable commercial efforts to retain the resource in this position.

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AT&T Contact(s)	Supplier Contact(s)
[*]	[*]

3. TERM

- 3.1 The Term of this WO shall commence on March 1, 2009 (“Effective Date”), and shall continue until midnight on February 28, 2011 (the “Initial Term”). This WO may be terminated as allowed in the Agreement or in this WO.

4. SERVICE SPECIFICATIONS AND REQUIREMENTS

- 4.1 The deliverables to be delivered by Supplier to AT&T pursuant to this WO are listed in Exhibit A “Deliverables Matrix” (the “Deliverables”).

5. AT&T SYSTEMS USE AND DOWNTIME

- 5.1 Should AT&T systems become unavailable to Supplier, Supplier will follow the notification instructions contained in AT&T's Downtime Policy as provided by AT&T. Supplier will utilize downtime forms to capture call information on the AT&T-provided downtime forms and will input into AT&T systems as soon as reasonably possible after restoration of the impacted systems. AT&T shall pay the applicable Billable Hour rate for this function. Supplier shall be excused from Performance Standards for the duration of the system outage.
- 5.2 If the telecommunications systems are in failure due to AT&T, AT&T may require Supplier's CSRs to go into pure AUX state, whereby they are not receiving calls. AT&T shall still be charged the actual outage time incurred for the amount of time affected. Supplier shall be excused from Performance Standards for the duration of the outage.
- 5.3 The AT&T system will be completely down during certain after-hour times and other scheduled times throughout the year for maintenance. When practical, AT&T will advise Supplier of the scheduled maintenance at least [*] hours prior to the times and dates that the systems will not be available due to maintenance.
- 5.4 Notwithstanding the foregoing, in the event of a Supplier system/telecommunications outage, Supplier will utilize CSRs' [*] for offline work and training for the duration of the outage. AT&T will be charged only for [*] during the duration of a Supplier system outage.

6. PERFORMANCE STANDARDS:

- 6.1 AT&T and Supplier have developed the AHT, Repeat Calls, Availability, Customer Satisfaction, Occupancy, and Short Call standards set forth in this WO, (hereinafter "Performance Standards") to ensure the delivery of high quality, efficient customer service. Subject to AT&T providing and Supplier receiving the forecasts set forth in Section 6.2 herein ("Forecast Process"). Effective upon signature of this WO by both parties ("Execution Date"), Performance Standards for Sites existing on the Execution Date shall begin the month following the Execution Date. Furthermore, anytime a particular Site/Line Group increases by more than [*] percent ([*]%) over a [*] month period, Performance Standards shall not apply with respect to such Site/Line Group until [*] days after the incremental Site/Line Group staff has been in Production handling customer calls. Before the application of any of the Performance Standards, the parties agree to meet and discuss in good faith changes to the Performance Standards set forth and the relevant AT&T service credits and Supplier incentive pay with respect to such Performance Standards

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based on performance prior to such Performance Standards taking effect. Performance Standards hereunder shall be measured by Line Group at each Site and shall exclude calls handled by the IVR and those calls subject to waivers as set forth herein this WO. Any services credits owed or incentive pay earned by Supplier shall only apply to the Services invoiced for the particular Site/Line Group subject to Exhibit D herein for which it was measured and shall be assessed to Billable Hours only.

- 6.2 Call Volume Forecasting / Staffing. Each month on a by Site/Line Group basis, AT&T shall provide Supplier [*] written forecasts to be used by Supplier as a guide for recruitment, planning and staffing activities. The [*] written forecasts are as follows:
 1. [*]-Day Outlook Forecast with the required number of Full Time Equivalents ("FTEs") by Site/Line group for recruitment purposes.
 2. [*]-Day Locked Forecast with the estimated daily number of calls and Average Handle Time (AHT) by Site/Line Group for planning purposes ("[*]-DayLock").
 3. [*]-Day Forecast with daily call arrival patterns by Site/Line Group.

Supplier shall provide FTE staffing pursuant to the mutually agreed upon [*]-Day Lock, which will include an assumption of initial Program training and on-the-job training ("Nesting") pursuant to Exhibit E, by Site/Line Group. Notwithstanding the foregoing, in the event that AT&T requests training or Nesting to extend beyond that defined in Exhibit E, and Supplier determines that the change will affect Supplier's ability to staff accurately, the parties shall address the change subject to Section 4.22 (Change Management) of the Agreement.

The mutually agreed upon [*]-Day Lock represents a commitment by AT&T and Supplier with respect to call volume and staffing levels by Line Group. Once the [*]-Day Lock is agreed to, AT&T agrees to compensate Supplier for the Billable Hours incurred for the applicable month which shall be no less than [*] percent ([*]%) of the [*]-Day Lock, and it is Supplier's responsibility to staff to [*]-Day Lock as mutually agreed upon. In cases where Supplier has duplicate Line Groups across Sites, Supplier reserves the right to increase or decrease volumes at a Site level as long as the [*]-Day Lock remains unchanged.

Both AT&T and Supplier will need to agree upon the staffing requirements when the [*]-Day Lock represents +/- [*]% change from the previous [*]-Day Lock, as it may require additional new hire training. The parties shall mutually agree upon adjusted staffing for the modified forecast volumes pursuant to Section 4.22 (Change Management) of the Agreement. Notwithstanding the foregoing, in the event a Site staffing decrease is the lesser of (a) [*] CSRs or (b) [*] percent ([*]%) of the site, Supplier shall have [*] days from receipt of written notice to decrease the [*]-Day Lock if it can demonstrate to AT&T's reasonable satisfaction that such Site staffing decrease triggers notification requirements pursuant to the WARN Act.

- a) The Performance Standards outlined here in this WO may be changed by AT&T upon [*] days written notice to Supplier per the procedure outlined in Section 4.22 (Change Management) of the Agreement.

G	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
H	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
I	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
J	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
K	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]

Ranked top [*]% of Like Sites	[*]% Supplier earned incentive pay
Ranked top [*]% - [*]% of Like Sites	[*]% Supplier earned incentive pay
Ranked bottom [*]% - [*]% of Like Sites	[*]% AT&T service credit
Ranked bottom [*]% of Like Sites	[*]% AT&T service credit

NOTE: Notwithstanding anything herein to the contrary, in the event Supplier's Customer Satisfaction results fall into the bottom quartile of the Like Sites stack ranking however, Supplier meets the individual FCR Gap measurement of <=[*]% and a Total Resolved measurement of >=[*]% for the month, Supplier will receive a waiver for material default and shall not be subject to any invoice credit.

6.3.2 Occupancy Rate Target of [*]%: The Occupancy Rate will be measured monthly and shall be determined by subtracting total idle (waiting to serve) time from total logged in time and dividing the difference by total logged in time. If actual volumes are [*] percent ([*]%) greater than or less than the [*]-Day Volume Forecast from AT&T and Supplier staffing levels are in accordance with Supplier forecast, the Occupancy Rate target will be waived.

6.3.3 Average Handle Time ("AHT"): The AHT target by Site/Line Group shall be provided by AT&T on a [*] basis in the [*]-Day Lock and shall be measured monthly as it applies to material breach. The AHT Performance Standard will be waived if the actual call volume is [*] percent ([*]%) greater than or less than [*] percent ([*]%) of the [*]-Day Volume Forecast. The AT&T service credits will be applied in the following fashion:

> or = to [*]% above target	[*]% AT&T service credit
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6.3.4 Short Calls: The Short Call Target of [*] percent ([*]%) shall be measured [*]. The Short Call metric shall be measured by dividing the total number of calls with an AHT of [*] seconds or less by the total number of calls answered.

6.3.5 Repeat Call Target of [*]% : (Repeat Calls) / (Calls Answered) shall be measured [*] is defined as the percentage of calls handled by the CSR where the customer called back and was handled again by a different CSR within [*] calendar days. Repeat calls are a non-CMS statistic generated externally from IVR call data. A repeat call occurs when a CTN touches an AT&T IVR more than once within [*] calendar days and is determined as follows:

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- Customer calls in and speaks to BEUC CSR #1
- CTN calls back within [*] and touches IVR (counted as repeat call towards BEUC CSR #1 when the customer speaks to BEUC CSR#2)
- CTN calls back within [*] and touches IVR (counted as repeat call towards BEUC CSR#2 when the customer speaks to BEUC CSR#3)

< or = to [*]%	[*]% Supplier earned incentive pay
[*]% to [*]%	[*] Supplier earned incentive pay or AT&T service credit
> or = to [*]%	[*]% AT&T service credit

7. CAP

The resulting Supplier earned incentive pay and AT&T service credits for the applicable Performance Standard measurement set forth herein Section 6 will only be applied to the applicable Site's Line Group Billable Hours. The total AT&T service credit for all Performance Standards in aggregate in any month cannot exceed a maximum of [*] percent ([*]%) per Site invoice. The total Supplier earned incentive pay for all Performance Standards in aggregate in any month cannot exceed a maximum of a [*] percent ([*]%) per Site invoice.

8. PERFORMANCE STANDARDS WAIVERS

8.1 In addition to any other waivers set forth herein this WO, Supplier shall be excused for failures to meet any Performance Standard and shall not be in breach of this WO if such failure is caused by: a) AT&T; and/or b) third parties (hired or contracted) to provide system applications and/or system application services to or for AT&T (including carriers) (a and b collectively referred to as "AT&T/Service Provider") including without limitation acts or omissions of AT&T/Service Provider.

8.2 Notwithstanding anything to the contrary herein, in addition to waivers set forth herein this WO, AT&T may choose to waive Performance Standards and applicable penalties at its sole discretion. AT&T must invoke this option in writing within [*] days following the last day of the billing cycle for the service period.

9. PRICE

9.1 Services shall be compensated by AT&T to Supplier pursuant to the rates and charges detailed in Exhibit B which is attached hereto and fully incorporated herein by this reference. Such rates and charges do not include all applicable taxes.

10. TERMINATION FOR CONVENIENCE

10.1 AT&T may Terminate this WO for convenience in accordance with Section 3.4 (Cancellation and Termination) of the Agreement.

11. DISPUTE RESOLUTION

Either party may give the other party written notice of any dispute not resolved in the normal course of business. The parties will attempt in good faith to promptly resolve any issue, dispute, or controversy arising out of or relating to this Agreement promptly by negotiation between the managers set forth below. Within ten (10) days after delivery of such notice, representatives of both parties will meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the dispute within the time frames here:

	AT&T	Supplier
Within [*]	[*]	[*]
Within [*]	[*]	[*]
Within [*]	[*]	[*]

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If any dispute is not resolved in accordance with this process after [*] days, the parties will escalate to the respective executive levels. Both parties agree to continue performance during the negotiation period set forth in this section of the WO.

12. SPECIAL CONSIDERATIONS:

12.1 The terms set forth below shall be in addition to the terms set forth in the respective sections of the Agreement:

12.1.1 Supplier Responsibilities

- a. Except as otherwise set forth in this WO or the Agreement, Supplier will be responsible for supplying all Supplier personnel, facilities, technology, services and materials necessary to perform the Services in accordance with the terms and conditions set forth in this WO.
- b. Supplier will provide the necessary, as of the Effective Date of this WO, voice and data infrastructure and PCs (or thin client applications in lieu of PCs) at Supplier’ Site(s) from the point of demarcation within Supplier’ data centers) for voice and data communications. The point of demarcation is the point where AT&T-owned circuits/equipment end and Supplier-owned circuits/equipment begin. AT&T will provide any intelligent call management (ICM) routing and screen-pop equipment as required; or, alternatively Supplier will provide ICM and screen-pop equipment subject to Exhibit 5 of the Agreement. Supplier’ PCs will reside on the Supplier network and access AT&T’s systems via web, Citrix, or other thin client connectivity.
- c. Supplier shall pay for the Supplier standard, as of the Effective Date of this WO, voice and data network facilities (bandwidth of [*] for data and [*] for voice; voice trunking of [*] trunks per seat) between Supplier’ data center and Supplier’ call centers related to this WO. AT&T shall be responsible for other voice and data charges, including delivering voice and data to Supplier’ data center hub(s), bandwidth exceeding Supplier’ standards in existence as of the WO Effective Date, and any dedicated security equipment required by AT&T. In the event AT&T utilizes VoATM to deliver calls to a Supplier hub, AT&T will provide the Nortel Passport or equivalent device required in the Supplier hub to accept the VoATM traffic. Supplier agrees to relinquish ownership at no cost to AT&T of any and all toll-free numbers associated with the Program to AT&T or another party specified by AT&T within [*] hours of AT&T’s request; provided that AT&T is current on all invoices.

12.1.2 Training

- a. Training costs shall be billed as listed under Exhibit B.
- b. Initial new hire training: Supplier agrees to provide training pursuant to Exhibit E attached hereto to Supplier CSRs in accordance with AT&T provided Training Materials, and all retraining, ongoing soft-skills training, and customer service training at the rates set forth in Exhibit B, in order to perform the Services described in this WO. If mutually agreed between the parties subject to Section 4.22 (Change Management) of the Agreement, AT&T may provide AT&T trainers for initial train-the-trainer training programs.
- c. AT&T may request to extend the duration of initial Program training subject to Section 4.22 (Change Management) of the Agreement.
- d. During the nesting period agents will meet the following level of productivity for the weeks indicated: Week [*] a minimum of [*]% of the agents time will be spent on the phones to provide ample development, Week [*] a minimum of [*]% of the agents time will be spent on the phones.

- a. Supplier will provide enough Quality Assessment (“QA”) agents at the QA rate set forth in Exhibit B, to CSRs to meet the average number of observations monthly. Each CSR is monitored an average of [*] scored evaluations per month by QA and Production staff/personnel collectively and other informal evaluations as agreed upon by the parties based

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upon individual CSR performance. Supervisors will use commercially reasonable efforts to provide feedback within [*] hours if below goal and [*] hours if within or above goal. Agents needing improvement will receive additional evaluations via various methods (side by side, additional monitoring, remote monitoring, double jacking, etc). QA agents will shadow CSRs while on the call without the CSR being aware they are being monitored.

Calibration sessions between Supplier QA agents, Supplier supervisors and AT&T representatives will be held weekly to ensure scoring and feedback to CSR’s is consistent. If Supplier fails to monitor an average of [*] scored evaluations per month by QA and Production staff/personnel collectively as set forth above, Supplier will be advised of such deficiencies and Supplier will have [*] days to bring performance back to objective’s standards. AT&T and Supplier may mutually agree to modify the standards upon written agreement signed by both parties, in the event AHT increases by [*] percent ([*]%) from the previous month’s [*]-Day Lock, AT&T and Supplier shall re-evaluate the QA staffing required to meet the obligations set forth herein.

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Original signature transmitted and received via facsimile or other electronic transmission of a scanned document, (e.g., .pdf or similar format) are true and valid signatures for all purposes hereunder and shall bind the parties to the same extent as that of an original signature. This Agreement may be executed in multiple counterparts, each of which shall be deemed to constitute an original but all of which together shall constitute only one document.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their authorized representatives:

StarTek, Inc

AT&T Services, Inc.

By: /s/ A. Laurence Jones

By: /s/ Tim Harden

Printed Name: A. Laurence Jones

Printed Name: Tim Harden

Title: President & CEO

Title: President-Supply Chain & Fleet Operations

Date: 7-9-09

Date: 7-7-09

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**Exhibit A
DELIVERABLES MATRIX**

<u>Deliverables/Specifications Requirements</u>	<u>Delivery Date</u>	<u>Evidence of Success</u>
Deliverable Set #1- Reporting	As indicated in report description	Accurate and timely reporting whether pushed to recipients or available online.
ACD Report: Comprehensive report with data taken directly from the switch. Details total calls offered, calls handled, calls abandoned, average speed of answer, average handle time by live agent and downtime. Delivered to AT&T daily.		
Agent (PAR) Report: Agent or Personal Accountability Reports provide queue performance statistics broken down by agent. Data elements include the number of ACD calls answered, the average time spent on each ACD call, the average time spent waiting between ACD calls, the time spent doing post-call work, the time spent logged into the system, Short Calls, Transfer rates, Availability, etc. Delivered to AT&T daily		

Call Disposition Report: Offers call disposition detail by type code. Supplier may provide this report to AT&T subject to Exhibit 5 of the Agreement.

System Outages Report: Report provides a listing of the date, time, duration and description of any system outages to Supplier systems, root cause analysis, and preventative measures. Delivered to AT&T when system outages occur.

Call Comparison: Compares forecasted to actual call volume and answer performance.

Combined FTE: Report provides ongoing attrition training data, with class details (class size, dates, etc.). Delivered to AT&T weekly.

Interval: Report provides one-half hour (1/2) interval call volume data. Delivered to AT&T daily.

Invoice Detail: Invoices will include detailed documentation including but not limited to, for each CSR; a list of CSR names, hours logged via the ACD, hours logged, and indicator for training or production status.

Weekly Quality Report: Weekly roll up of quality performance to include: scores from evaluations completed by Supplier quality team, scores from evaluations completed by Supplier leadership team (team leads/supervisors), QA/Team Lead score variance, combined score, total evaluations completed by QA Team, total evaluations completed by Team Leads.

Monthly Quality Report: Monthly roll up of quality performance to include: scores from evaluations completed by Supplier quality team, scores from evaluations completed by Supplier leadership team (team leads/supervisors), QA/Team Lead score variance, combined score, total evaluations completed by QA team, total evaluations completed by Team Leads.

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Deliverables/Specifications Requirements

Intraday Reports

Reporting shall be produced and delivered four (4) times daily (in PDF format) at noon, 2pm, 4pm and 10pm daily: Reports will include (NCO) Number of calls offered, (NCH) Number of calls handled, (SL%) Service Level percentage, (OCC%) Occupancy percentage, (AHT) Average handle time, (ASA) Average Speed of Answer, and staff time in seconds. Data will be provided for each 30-minute interval with rolling totals at report times.

Intraday Daily Recap Report

Report shall be produced and delivered one (1) time daily for the previous day (in PDF format): Reports will include (NCO) Number of calls offered, (NCH) Number of calls handled, (SL%) Service Level percentage, (OCC%) Occupancy percentage, (AHT) Average handle time, (ASA) Average Speed of Answer, and staff time in seconds. Data will be provided for each 30-minute interval for the previous day with rolling totals for the end-of-day.

Intraday Weekly Interval Report

Report shall be produced and delivered one (1) time weekly for the previous 7-days (in Excel format): Reports will include (NCO) Number of calls offered, (NCH) Number of calls handled, (SL%) Service Level percentage, (OCC%) Occupancy percentage, (AHT) Average handle time, (ASA) Average Speed of Answer, (SL30%) Service Level 30%. Data will be provided for each 30-minute interval for the previous 7-days with daily summary totals.

Daily Split Stats Report

Report shall be produced and delivered one (1) time daily for the previous day: Reports will include Function (or LOB), Technology (or Category), Split name, Split number, (NCO) Number of calls offered, (NCH) Number of calls handled, (SL%) Service Level percentage, Max Delay, (OCC%) Occupancy percentage, (AHT) Average handle time, Accessibility, and staff time in seconds.

Weekly Site Metrics Report

Report shall be produced and delivered one (1) time Weekly on Mondays for the previous 7-days with MTD totals: Reports will include the Date, Number of calls offered, (NCH) Number of calls handled, (AHDT) Average hold time, (AWT) Average wrap time, (AHT) Average handle time, (OCC%) Occupancy percentage, Accessibility, Shrinkage %, Hold % and (ACW %) After call wrap percentage.

VDN Report

Report shall be produced and delivered one (1) time daily for the previous day: Reports will include the number of times specific VDNs were contacted by each of the SBS sites per day with MTD

Delivery Date

As noted in report description

Evidence of Success:

Accurate and timely reporting whether pushed to recipients or available online.

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**Exhibit B
Price**

For Services performed under this WO, Supplier shall be compensated in accordance with the pricing shown below:

PROGRAM NAME	Business End User Care Program
BILLABLE HOUR RATE	\$[*]
DRUG SCREEN & BACKGROUND CHECK: (US Sites only)	Passed through at cost (Checks required as a result of attrition will be the responsibility of Supplier.)
OVERTIME RATE & HOLIDAY (by Site)	Premium Rate: [*]% premium above the Billable Hour Rate being paid by AT&T for the time period requested
TRAINING RATE	New Hire/Growth\$[*] Nesting: Week 1 \$[*], Week 2 \$[*], Week 3 \$[*] Supplemental Training: [*] Conversion Training: [*] Attrition: [*]

Notes:

- a. **“Billable Hour”** means the time between the time a CSR clocks into and clocks out of Supplier’s time keeping system for the purpose of performing agreed upon work for AT&T. This time shall include a maximum of fifteen (15) minutes per day of pre-shift instructions per CSR unless otherwise directed by AT&T. The Billable Hour includes 30 minutes for breaks but does not include lunches, sick time, vacations, or Supplier sponsored events such as non-AT&T focus groups and non-AT&T development. Actual time in a Billable Hour for billing purposes is 60 minutes.
- b. The total amount payable by AT&T for the Services shall be determined by applying the stated rate of compensation to die Services actually performed by Supplier. The Premium and Overtime Rate shall apply if Supplier is able to and AT&T agrees to offer premium and overtime hours (to the extent such hours are in excess of 40 hours per week per CSR). Holiday Rates shall apply based on applicable Holidays at the Site. US Holidays (applicable only in the U.S.); New Years Day, Thanksgiving Day, Labor Day, Christmas Day, Memorial Day, Independence Day, Christmas Eve. Canadian Holidays (applicable only in Canada): New Years Day, Good Friday, Victoria Day, Canada Day, Civic Day, Labor Day, Thanksgiving Day, Remembrance Day, Christmas Day, and Boxing Day. Should AT&T request that Supplier provide Services for the Program on any of the Holidays listed, AT&T shall compensate Supplier at the Holiday Rate as listed herein.

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- c. Domestic Inbound/Outbound telecom. AT&T shall be client of record on the (800) service. Subject to AT&T’s prior written approval of usage, domestic inbound and outbound telecom charges shall be a direct pass through.
- d. Postage, shredding, express mail, printing, and courier services, trunking and circuits, reproduction (other than [*] which is borne by Supplier), and travel (Pre-approved by AT&T) will all be charged at [*].
- e. AT&T will not be charged costs associated with [*]. AT&T will be charged for Growth Training. Growth is defined as any requested increase in FTE above previous locked forecast. If AT&T requests Supplier to reduce FTE, then subsequently requests Supplier increase FTE, that increase will be considered growth and the associated training will be billable to AT&T.
- f. Program Support Analyst: One position per site. \$[*] per hour (not to exceed [*] hours per week without prior written approval of the AT&T contact identified in 2.1 of this WO. Functions shall include, but not be limited to, the following tasks:
 - 1. Creates & maintains all reports & data pertaining to billing requirements for AT&T
 - 2. Works with CCDs & accounting to meet invoicing deadlines at mid-month & end of month
 - 3. Develop a detailed understanding of the billing structure & performance penalties/bonus per SOW to ensure compliance
 - 4. Daily monitors invoice data & performs various daily audits to ensure accuracy & validity of invoicing data
 - 5. Recommends updates & changes to reports as needed
 - 6. Submits tickets & works with reporting department for various changes & issues
 - 7. Works closely with CCDs to ensure sites are gathering all invoicing data correctly & consistently
 - 8. Maintains invoice files & back up documentation

9. Verifies all invoice data including descriptions, dollars amounts, & PCAs
 10. Effectively responds to all reporting requests from SRT & AT&T
 11. Acts proactively to assess & address changes in the business environment
 12. Works with resource planning to ensure all agent set-ups are correct for upload to FTP files for upload to SRS PAR
 13. Performs daily audits to ensure data files posted to the FTP site for upload to SRS PAR are accurate
 14. Prepares mapping & submits updated reporting requests for any new or changed agent groups (skills)
 15. Works with resource planning to ensure all necessary billable information is documented
 16. Works with quality department to ensure all necessary billable information is documented
 17. Acts as reporting, invoicing and issues POC
- g. **Methods & Process (M&P) Specialist:** One position per Site. \$[*] per hour (not to exceed [*] hours per week without prior written approval of the AT&T Mobility contact identified in 2.1 of this Work Order. Functions shall include, but not be limited to, the following tasks:
1. Effectively & accurately communicates information then identifies, tracks, compiles, & summarizes results for the site
 2. Distributes AT&T information by attending team huddles, meetings & focus groups
 3. Creates desk drops, emails, presentations, weekly newsletters & updates Communication SharePoint's
 4. Proactively looks for issues to identify any communication gaps & interacts with other programs in the region.
 5. Maintains any local trackers; creates/deletes/maintains discussion boards on IMC SharePoint & Communication Dashboard sites; oversee IMC SharePoint permissions profile accuracy; attends bi-weekly National IMC calls.
 6. Completes team hierarchy add/deletes for mapping to SRS PAR Site
- h. **Quality Champion:** One position per Site. \$[*] per hour (not to exceed [*] hours per week without prior written approval of the AT&T contact identified in 2.1 of this WO). Position allows sites to better examine the areas of opportunity to improve quality & address any AT&T related concerns. Functions shall include, but not be limited to, the following tasks:
1. Works closely with the AT&T internal Quality Champion to analyze & interpret the sites Quality & Wave results

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2. Interacts with all departments to coordinate Quality Assurance & Wave training, educations & results
3. Reviews performance thru quality analysis, working with agents to improve performance
4. Creates of job aids, educational training, reports out information & provides suggested solutions
5. Strongly partners with Quality Assurance department to ensure consistent message & delivery of information & call expectations
6. Participates during Quality Assurance calibrations both internally & nationally
7. Identifies behaviors that if changed, would give the site the most positive impact
8. Analyzes Quality & Wave trends to understand the challenges & how to drive improvements
9. Draws conclusions from data & makes meaningful recommendations to the AT&T & the site
10. Delivers analysis & educates all regarding trends. Delivers training in the classroom, Nesting & production
11. Researches issues & partners/communicates to all departments to alleviate problems, inconsistencies & or improve overall customer satisfaction levels
12. Reports current trends & makes recommendations for improvement through coaching & mentoring
13. Tracks quality trends & makes recommendations to training team on changes to current programs
14. Interacts with all levels of personnel & responds to questions from agents, supervisors, managers & AT&T

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Exhibit (C)
Performance Standard Table

		Supplier Incentive Pay		Target	AT&T Service Credit		Frequency	Comments
		-	-	=	+	+		
Customer Satisfaction	Bonus/Penalty	[*]%	[*]%	Compare To like centers	[*]%	[*]%	[*]	Subject to WO Section 6.3.1
	Result	[*]	[*]		[*]	[*]		
Repeat Calls	Bonus/Penalty		[*]%	[*]%	[*]%		[*]	Subject to WO Section 6.3.5
	Result		<=[*]%			>=[*]%		
Average Handle Time	Bonus/Penalty			[*]	[*]%		[*]	Subject to WO Section 6.3.3
	Result					> = [*]% above target		
Committed Staffing	Bonus/Penalty			[*]% of the [*]-Day Lock	[*]%		[*]	Subject to WO Section 6.2.e
	Result				[*]%			

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**Exhibit D
Program Descriptions**

<u>Program Name</u>	<u>Program Description Functions shall include, but may not be limited to, the following tasks:</u>	<u>Sites</u>
Small Business Services (“SBS”) or Business End User Care <u>Line Groups:</u> IRU NBI/TLG PIN CODE SMB EMO SBS EU	Inbound calls from post paid subscribers. Duties include the following account maintenance activities: billing statement questions, adjustments, changes to features/services, changes of billing information, customer issues relative to price plans, customer cancellation inquiries, adding / deleting promotions & features, contract inquiries and termination dates, rate plan changes, account updates, lost / stolen phone resolutions, cancel requests, promotion / plan clarification, programming phones, equipment and features instructions, voice mail resets, respond to coverage concerns, equipment (wireless cell phones and PDAs) changes, assisting with handset issues and upgrading equipment, migration of customers between billing application, completion of downtime form and offline services, escalated services/resolution.	Collinsville, VA
Small Business Services (“SBS”) or Business End User Care <u>Line Groups:</u> IRU NBI/TLG	Inbound calls from post paid subscribers. Duties include the following account maintenance activities: billing statement questions, adjustments, changes to features/services, changes of billing information, customer issues relative to price plans, customer cancellation inquiries, adding / deleting promotions & features, contract inquiries and termination dates, rate plan changes, account updates, lost / stolen phone resolutions, cancel requests, promotion / plan clarification, programming phones, equipment and features instructions, voice mail resets, respond to coverage concerns, equipment (wireless cell phones and PDAs) changes, assisting with handset issues and upgrading equipment, migration of customers between billing application, completion of downtime form and offline services, escalated services/resolution.	Mansfield, OH
Specialty Queues	Services for unique business types including call handling for escalated customer care issues specific to billing, equipment, coverage and account details.	N/A

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**Exhibit E
Hours of Operations and Training Durations**

<u>Program Names</u>	<u>Line Group</u>	<u>Site</u>	<u>Hours of Operation</u>	<u>Maximum New Hire Training Days</u>	<u>Maximum New Hire Nesting Days</u>
Small Business Services (“SBS”)	IRU NBI/TLG PIN CODE SMB EMO SBS EU	Collinsville, VA	[*]	[*]	[*]
Small Business Services (“SBS”)	IRU NBI/TLG	Mansfield, OH	[*]	[*]	[*]

Hours of Operation may be amended from time to time as set forth in Section 4.22 (Change Management) of the Agreement. AT&T reserves the right to modify (decrease or increase) Hours of Operation upon thirty (30) calendar days written notice to Supplier.

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Amendment

20070105.006.S.007.A.002

EMBR Program

Between

StarTek, Inc.

And

AT&T Services, Inc.

AMENDMENT NO. 2**AGREEMENT NO. 20070105.006.S.007**

This Amendment, effective on the date when signed by the last Party ("Effective Date"), and amending Agreement No. 20070105.006.S.007, is by and between StarTek, Inc., a Delaware corporation ("Supplier"), and AT&T Services, Inc., a Delaware corporation ("AT&T"), each of which may be referred to in the singular as a "Party" or in the plural as the "Parties."

WITNESSETH

WHEREAS, Supplier and AT&T entered into Agreement No. 20070105.006.S.007 on July 1, 2007 (the "Agreement"); and

WHEREAS, Supplier and AT&T desire to amend the Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the covenants hereinafter contained, the Parties hereto agree as follows:

1.) **Section 2 Duration of Order** is hereby amended to replace the first paragraph with the following:

"This agreement shall be effective from July 1, 2007 through June 30, 2011."

2.) **Section 11. Maximum Expenditure** is hereby amended to replace the first sentence with the following:

"Maximum expenditures under this Order shall not exceed [*]dollars (\$[*])."

3.) **Attachment A Statement of Work, Section E Staffing** is hereby amended to replace the first sentence with the following:

"Supplier shall provide [*] BRS FTE's to perform the work pursuant to the Supplier's BRS Key Responsibilities set forth in Section A."

4.) **Attachment A Statement of Work, Section F Span of Control** is hereby amended to incorporate the following sentence as the second sentence of the first paragraph.

"Currently, Supplier is providing [*] Area Manager to support the BSR volumes set forth in Section E."

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This Agreement and information contained therein is not for use or disclosure outside of AT&T, its Affiliates, and third party representatives, and Supplier except under written agreement by the contracting parties.

The terms and conditions of Agreement No. 20070105.006.S.007 in all other respects remain unmodified and in full force and effect.

Original signature transmitted and received via facsimile or other electronic transmission of a scanned document, (e.g., .pdf or similar format) are true and valid signatures for all purposes hereunder and shall bind the parties to the same extent as that of an original signature. This Agreement may be executed in multiple counterparts, each of which shall be deemed to constitute an original but all of which together shall constitute only one document.

IN WITNESS WHEREOF, the Parties have caused this Amendment to Agreement No. 20070105.006.S.007 to be executed, as of the date the last Party signs.

StarTek, Inc.

AT&T Services, Inc.

By: /s/ David G. Durham

By: /s/ Kathy Holzer-Muniz

Printed Name: David G. Durham

Printed Name: Kathy Holzer-Muniz

Title: EVP/CFO

Title: Sr. Contract Manager

Date: 6/30/09

Date: 6/30/09

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This Agreement and information contained therein is not for use or disclosure outside of AT&T, its Affiliates, and third party representatives, and Supplier except under written agreement by the contracting parties.

Amendment

20070105.006.A.002

Between

StarTek, Inc.

And

AT&T Services, Inc.

AMENDMENT NO. 2**AGREEMENT NO. 20070105.006.C**

This Amendment, effective on the date when signed by the last Party (“Effective Date”), and amending Agreement No. 20070105.006.C, is by and between StarTek, Inc., a Delaware corporation (“Supplier”), and AT&T Services, Inc., a Delaware corporation (“AT&T”), each of which may be referred to in the singular as a “Party” or in the plural as the “Parties.”

WITNESSETH

WHEREAS, Supplier and AT&T entered into Agreement No. 20070105.006.C on January 26, 2007 (the “Agreement”); and

WHEREAS, Supplier and AT&T desire to amend the Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the covenants hereinafter contained, the Parties hereto agree as follows:

1) Section 2.0 “**Definitions**”, is hereby amended as follows:

a. Sub-section 2.11, “**Information**”, is hereby deleted in its entirety and replaced with the following:

“**Information**”, with respect to a Party, means all confidential, proprietary or trade secret information belonging to such Party, including discoveries, ideas, concepts, know-how, techniques, processes, procedures, designs, specifications, strategic information, proposals, requests for proposals, proposed products, drawings, blueprints, tracings, diagrams, models, samples, flow charts, data, computer programs, marketing plans, customer information, employee personal information, health or financial information, authentication credentials, and other technical, financial or business information, whether disclosed in writing, orally, visually, in tangible or intangible form, including in electronic mail or by other electronic communication.

b. Sub-section 2.19, “**Services**”, is deleted in its entirety and replaced with the following:

“**Service(s)**” means any labor or service provided pursuant to this Agreement or an applicable Order, including, but not limited to, engineering, installation, removal, maintenance, training, technical support, repair and Call Center Services. The term “Service”

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shall also include any Material, including any Documentation, provided by Supplier pursuant to this Agreement or an applicable Order in connection with providing the Services. For the sake of clarity, Services (including Call Center Services) *specifically excludes* consulting and professional services whereby enhancements, modifications or any development activities related to software will occur (i.e., development of customized software).

c. Sub-section 2.23, “**Deliverables**”, is hereby added to the Agreement and is fully incorporated therein by this reference:

“**Deliverables**” means any and all deliverables set forth in an Order to be provided by Supplier pursuant to such Order. Deliverables include, but are not limited to, any reports, data, designs, plans, specifications, models, prototypes, performance requirements, and/or Documentation delivered pursuant to this Agreement or such Order.

2) The Section 3.37, “**Title to Work Product**”, is hereby deleted in its entirety and is replaced with the following, “**Ownership of Work Product**”:

3.37 Ownership of Work Product

Supplier's Intellectual Property. The Parties acknowledge that Supplier and/or third-parties own certain intellectual property, including pre-existing or independently developed Materials, software, processes, tools, methodologies and other intellectual property used to create the Work Product (the "Supplier's IP"). The notion of "independently developed" refers to development performed outside of this Agreement without use of or access to any Information provided by or on behalf of AT&T. Something that is independently developed remains Supplier's IP, even though Supplier may use it in connection with providing Services. AT&T makes no claim to such Supplier's IP which is not defined in or to be delivered pursuant to this Agreement or in an applicable Order.

Work Product. Excluding the Supplier's IP and Supplier's Information, ownership and all rights in the work product resulting from or is the outcome produced as a result of the Services or Call Center Services set forth in an Order ("Work Product") including new trademarks, patents, copyrights, and trade secrets applicable to same, hereby vests exclusively in AT&T regardless of whether Work Product was created solely by Supplier or jointly by the Parties. The Parties expressly agree to consider as a "work made for hire" any Work Product which qualifies as such under the laws of the United States or other jurisdictions. To the extent that the Work Product does not qualify as a "work made for hire", or where necessary for any other reason to perfect the rights of AT&T thereto, Supplier hereby assigns to AT&T all right, title and interest thereto. Supplier agrees to provide other assistance, at AT&T's expense, which AT&T may need through trademark, patent or copyright applications, or otherwise, to obtain the full benefit of the rights provided for herein, and will execute all documents necessary to carry such assignment into full effect. **NOTE:** The notion of "work

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product" refers to a deliverable or outcome that must be produced to complete a project and achieve its objectives (*See* definition at BusinessDictionary.com)

License. If the Work Product contains Supplier's IP or other elements Supplier or others on its behalf previously or independently developed, then Supplier grants to AT&T, or agrees to obtain for AT&T, a non-exclusive, unrestricted, perpetual, worldwide, royalty-free license to use, copy, modify, distribute, publicly display, publicly perform, import, manufacture, have made, sell, offer to sell (whether directly or through channels of distribution), exploit and sublicense such elements (and have others do any of the foregoing acts on AT&T's behalf) to the extent necessary for AT&T to exercise its rights in the Work Product. Any such license shall include AT&T's right to grant an unrestricted, royalty-free sublicense to its Affiliates for the purposes stated herein.

Miscellaneous. Supplier shall place a copyright or other proprietary notice on the Work Product at AT&T's request. All non-public aspects of the Work Product shall constitute AT&T's Information under this Agreement.

Reservation of Rights and Residuals. Except as otherwise expressly provided in this Section entitled "*Ownership of Work Product*," Supplier retains all right, title, and interest in and to all Supplier's IP and Supplier's Information. The Parties agree that either Party may use, without an obligation to the other Party, any general knowledge and expertise, skills, techniques, concepts or know-how incidentally (and not intentionally) retained in the unaided memory of the Party's employees to develop or provide similar services for other customers, provided that such use is without reference to the other Party's Information. No license is granted under this Section by either Party to the other Party for any patent, trademark, Work Product, trade secret or copyright.

- 3) The following Section 4.19, "**Payment Card Industry (PCI) Data Security Standards and Credit Card Information**", is hereby added to the Agreement and is fully incorporated therein by this reference:

Section 4.19, "Payment Card Industry (PCI) Data Security Standards and Credit Card Information"

The Payment Card Industry (PCI) data security standards are network security and business practice guidelines developed for Visa, MasterCard, American Express and Discover Card. They were developed to establish a minimum security standard with regards to the protection of cardholder's account and transaction information. The PCI Security Standards Council, LLC (a non-AT&T entity) owns, develops, maintains and distributes the PCI Data Security Standard (DSS). If Supplier (including its subcontractor, agent or any third party, acting through, or on behalf of Supplier) collects, processes, handles, and/or maintains credit card data and/or related transaction status or identity information through, for, or on behalf of

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AT&T (including, without limitation, for itself, or in connection with AT&T's joint or co-branded relationships and/or its, or their customers, as the case may be), Supplier represents and warrants that it is, and shall remain PCI DSS compliant, including, but not limited to being, DSS certified, current and in good standing, if applicable, at no cost to AT&T, for the longer of the term of this Agreement or any of Supplier's applicable obligation periods under this Agreement, in accordance with the requirements of the PCI DSS. Notwithstanding anything to the contrary contained within the clause entitled Information or any other provision within this Agreement, Supplier acknowledges that credit card information shall be deemed, and **shall** be treated as Information under this Agreement irrespective of whether or not such Information is conspicuously marked as confidential or proprietary and Supplier's obligation to treat credit card related Information as confidential shall survive the Termination, Cancellation or expiration of this Agreement. Supplier shall indemnify and hold AT&T harmless from and against any proved or alleged claims, demands or suits, or any losses, damages, liabilities, fines, penalties and expenses (including reasonable attorney's fees) that arise out of, relate to or result from Supplier's (and/or its subcontractor, agent or any third party, if any, acting through or on behalf of Supplier) failure to comply with its

obligations under this clause. Except as may be provided elsewhere in this Agreement, nothing contained within this clause shall be construed to mean, or means that Supplier is authorized to delegate, assign or subcontract any portion of its obligations under this clause to any third party.

- 4) The following Section 4.20, “**Worker’s Exit Process from AT&T’s Program(s)**”, is hereby added to the Agreement and is fully incorporated therein by this reference:

“4.20 Worker’s Exit Process from AT&T’s Program(s)

“Workers” Exit Process from AT&T’s Program(s). If the Work is transitioning to another AT&T program, some of these provisions may not apply.

- a. Upon Worker’s completion of Services, including attrition of Worker, dismissal of Worker, and program expiration or termination, Supplier shall:
- Immediately notify AT&T’s Hiring/Program Manager and identify the Worker(s) so the applicable attitud can be deleted.
 - Ensure that Worker’s critical knowledge as to the performance of Services is transferred via training of other Worker(s) and/or documented.
 - Ensure that any roles assigned to the Worker are appropriately reassigned, such as:
 - Project team/committee member
 - Functional representative for internal/external interfaces
 - Advise the AT&T Hiring/Program Manager if a security clearance exists.
 - Advise the AT&T Contract Manager, as applicable, if there is reason to believe the Worker should not be engaged for future assignments.

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- **Remind the Workers of their obligation to maintain confidentiality of AT&T proprietary information.**
- Perform an inventory of AT&T records (paper and electronic) in Worker’s office or telework/virtual office and arrange for appropriate retention or destruction pursuant to an Order or as directed by AT&T’s Hiring/Program Manager.
- Have Worker establish “Out of Office” Voice Mail message and have the Supplier’s Team Manager, or its delegate, review for appropriateness.
- If a reservation or reservationless conference bridge is assigned to the Worker for AT&T’s Program, Supplier’s Team Manager, or its delegate, shall ensure that such reservation and reservationless conference bridges are cancelled.
- When transition of Worker’s job responsibilities under an AT&T Program is complete, Supplier Team Manager, or its delegate, requests cancellation of other system / job specific UserIDs, access codes, and access privileges that the Worker may have to support AT&T’s Programs, such as:
 - Shared drives (transfer ownership, if applicable)
 - Financial systems
 - Data warehouses
 - Internet and database services
 - Digital Certificates
 - Other systems
 -
 -
 -
- If reasonably possible to do so, collect and return SecurID Card/Token to AT&T, if applicable.

NOTE: At the same time, AT&T shall promptly disable access to AT&T assets by means of such SecurID Card/Token so that access cannot be achieved even if the SecurID Card/Token cannot be collected.

- If TACACS/Config service, applies, notify the AT&T Hiring/Program Manger to delete TACACS/config server ID, if applicable.
- Recover and secure AT&T assets, which may include AT&T assets, in Worker’s possession (including those kept at the individual’s home):
 - Personal computers
 - Software
 - Monitors
 - Modems
 - Printers

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- Fax machines
 - Speakers
 - PDAs
 - Pagers
 - Cell phones
- If Workers used a non-Supplier PC or Supplier's PC (collectively "PC"), Supplier shall ensure that AT&T Proprietary information is cleaned off the PC by having them re-imaged.
 - Have Supplier Team Manager, or its delegate, ensure that the office space of exiting Worker is cleaned and ready for next occupant.
 - If Services are performed at remote locations, Supplier Team Manager, or its delegate, ensures the following installed services are disconnected at Worker's location (home and/or other work location):
 - Phone lines
 - DSL lines
 - Cable modem connections
 - If Services are performed at Supplier Locations, Supplier Team Manager, or its delegate, ensures the following services are disconnected:
 - Office Telephone
 - Voice Mail
 - LAN Port
 - Have Supplier Team Manager, or its delegate, collect all property used for AT&T's Program(s). This includes but is not limited to:
 - Worker's identification badges, portal passes, parking decals and passes, building access cards, security ID cards, smart cards, key cards, toll pass cards
 - Keys to desks, file cabinets, storage cabinets, offices, conference rooms, and other work areas
 - Keys to buildings, gates and vehicles used for AT&T's Program(s)
 - Other equipment or property used for AT&T's Program(s) not mentioned in previous tasks, including any items that the Worker has at home or other remote location, such as:
 - Microphones, video recorders, cameras and answering machines
 - Manuals, library materials, software, documentation for software and hardware
 - Office furniture (and keys to same) and artwork
 - Special devices (e.g., scanners, 2-way radios)
 - Tools and Uniforms
 - Prepare AT&T files for storage:

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- Supplier Team Manager, or its delegate, reviews office records for compliance with AT&T's retention schedule pursuant to an Order and as required by law, and transfer active records with retention obligations to appropriate person or group inheriting work function. For inactive records with retention obligations, follow procedures for sending to off-site vendor storage.
- Material for which there is no retention obligation or as may be required by law, can be destroyed in accordance with the Order or as directed by AT&T's Hiring/Program Manager.

b. Obtain Worker's certification that Worker has returned or destroyed all physical and electronic copies of AT&T proprietary information.

- a. Upon Worker's completion of Services, including the attrition of Worker, dismissal of Worker, and program expiration or termination, Supplier shall use reasonable commercial efforts to cause such Worker to complete and sign the "Written Certification of Return or Destruction of AT&T Information or Data", **Appendix L**.
- b. Supplier shall deliver either an executed copy of **Appendix L** to the AT&T Hiring/Program Manager or a statement explaining why such copy cannot be provided, within five (5) business days of completion of Services, and retain the original, if any, to be placed in the Worker's personal file as a permanent record, If such executed copy of Appendix L cannot be obtained, Supplier shall nevertheless use reasonable commercial efforts to obtain the return of any AT&T Proprietary Information from the Worker and either return the same to AT&T or destroy it.

5.) The following Section **4.21 AT&T Supplier Information Security Requirements (SISR)**", is hereby added to the Agreement and is fully incorporated therein by this reference:

"Supplier shall comply with the requirements of Appendix "O" entitled "AT&T Supplier Information Security Requirements (SISR)."

- 6.) The attached Appendix L — **“Written Certification of Return or Destruction of AT&T Information or Data”** is hereby added to the Agreement and fully incorporated therein by this reference.
- 7.) The attached Appendix O, **“Supplier Information Security Requirements (SISR)”**, is hereby added to the Agreement and fully incorporated therein by this reference.

Proprietary and Confidential

This Agreement and information contained therein is not for use or disclosure outside of AT&T, its Affiliates, and third party representatives, and Supplier except under written agreement by the contracting Parties.

The terms and conditions of Agreement No. 20070105.006.C in all other respects remain unmodified and in full force and effect.

The Parties hereto acknowledge that they have read this Amendment, understand it, and agree to be bound by its terms and conditions. They further agree that Agreement No. 20070105.006.C together with Amendment No. 20070105.006.A.001 and this Amendment No. 20070105.006.A.001 constitute the entire agreement between the Parties hereto with respect to the subject matter hereof.

IN WITNESS WHEREOF, the Parties have caused this Amendment to Agreement No. 20070105.006.C to be executed, which may be in duplicate counterparts, each of which will be deemed to be an original but all of which together will constitute only one instrument, as of the date the last Party signs.

StarTek, Inc.

AT&T Services, Inc.

By: /s/ A. Laurence Jones

By: /s/ Michael De Palma

Printed Name: A. Laurence Jones

Printed Name: Michael De Palma

Title: President and CEO

Title: Sourcing Director - Contact Centers and Marketing, AT&T Supply Chain Operations

Date: 4/14/09

Date: 4/14/09

Proprietary and Confidential

This Agreement and information contained therein is not for use or disclosure outside of AT&T, its Affiliates, and third party representatives, and Supplier except under written agreement by the contracting Parties.

Appendix L

Written Certification of Return or Destruction of AT&T Information or Data

Pursuant to the terms of the Worker Agreement dated _____, 20XX between me and [NAME OF AT&T COMPANY] (“AT&T”), I hereby certify that I have returned to AT&T or have destroyed all physical and electronic copies of all Information, as that term is defined in the Worker Agreement.

[NAME AND ATTUID OF WORKER]

Signature

Date

Proprietary and Confidential

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Appendix O

Information Security Policy

AT&T Supplier Information Security Requirements

The following AT&T Supplier Information Security Requirements apply to the employees and/or temporary workers of Supplier and its suppliers, contractors, vendors and/or agents, that perform services for, on behalf of, and/or through AT&T, which require access to AT&T's infrastructure, systems or applications or handle, process, or store, AT&T, AT&T Branded and/or AT&T Co-branded Information (for the purpose of this Section, each or all "Supplier"). Supplier represents and warrants that during the term of this Agreement and thereafter (as applicable with respect to Supplier's obligations under the Survival of Obligations and Compliance with Laws clauses) Supplier is, and shall continue to be in compliance with its obligations as set forth herein." AT&T's failure to audit and/or exercise any of its rights under this Section shall not be construed or deemed to be a waiver of any rights under this Agreement, equity or law. In addition to all other remedies specified in the Agreement, Supplier agrees that AT&T shall be entitled to seek an injunction and be reimbursed the costs (including reasonable attorney's fees) by Supplier to cease any breach of any obligation that survives termination or expiration of this Agreement. The following provisions shall not be deemed to, and shall not limit any more stringent security or other obligations contained within this Agreement.

Definitions:

Unless otherwise set forth or expanded herein, defined terms shall have the same meaning as set forth in the main body of the Agreement.

"AT&T Branded Information" means Information owned, labeled, marked, or collected, which contains any of AT&T's or its affiliates identifying markings or trademarks.

"AT&T Co-branded Information" means AT&T Branded Information that is jointly marketed or shared under a co-branding arrangement with a Supplier, irrespective of dominance or emphasis of the co-branding relationship.

As used herein, the term "Information" is limited to:

- (a) The "Confidential Information" to which the obligations in Section 3.16 of the Agreement apply, and
- (b) The "Customer Information" to which the obligations in Section 4.9 of the Agreement apply.

"Information Resources" means any systems, applications, and network elements, and the information stored, transmitted, or processed with these resources in conjunction with supporting AT&T and/or utilized by Supplier in fulfillment of its obligations under this Agreement.

"Personally Identifiable Information" or ("PII") means any information that could be used to uniquely identify, locate, or contact a single person (or potentially be exploited to steal the identity of an individual, commit fraud or perpetuate other crimes). Examples of PII include personal telephone

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numbers, social security numbers, national, state or province, issued identification number, drivers license number, date of birth, bank account numbers, credit card numbers and expiration dates, and other credit related information, PINs, passwords, passcodes, password hint answers, Protected Health Information as defined by the Health Insurance Portability and Accountability Act (HIPAA), biometric data, digitized signatures, and background check details.

In accordance with the foregoing, Supplier shall:

System Security

1. Actively monitor industry resources (e.g. www.cert.org, pertinent software vendor mailing lists & websites) for timely notification of all applicable security alerts pertaining to Supplier networks and computers.
 2. Scan its externally-facing systems with applicable industry standard security vulnerability scanning software (including, but not limited to, network, server, & application scanning tools) at a minimum monthly.
 3. Scan its internal systems with applicable industry standard security vulnerability scanning software (including, but not limited to, network, server, application & database scanning tools) at a minimum monthly.
 4. Upon AT&T's request, furnish to AT&T its most current scanning results for those resources used to support AT&T.
 5. Deploy an Intrusion Detection System(s) (IDS) in an active mode of operation.
 6. Remediate security vulnerabilities, including, but not limited to, those discovered through industry publications, vulnerability scanning, virus scanning, and the review of security logs, and apply applicable security patches in a timely manner, according to the following minimal guidelines: If:
 - A vulnerability exists and attack is underway: Supplier shall work on remediating/patching 24x7
 - A vulnerability exists and attack is determined to be imminent: Supplier shall remediate/patch within seven (7) days
 - A vulnerability exists and attack is determined to not be imminent: Supplier shall remediate/patch within thirty (30) days
- All other security patches shall be applied within ninety (90) days.
7. Assign security administration responsibilities for configuring host operating systems to specific individuals.
 8. Ensure its security staff has reasonable and necessary experience in information/network security.
 9. Ensure all Supplier's systems are and remain 'hardened' including, but not limited to, removing or disabling unused network services (e.g. finger, rlogin, ftp, simple tcp/ip services) and installing a system firewall, TCP Wrappers or similar technology.
 10. Change all default account names and/or default passwords in accordance with password requirements as set forth within requirement number 35, below.
 11. Limit system administrator/root access to host operating systems only to individuals requiring high-level access in the performance of their jobs.
 12. Require system administrators to restrict access by users to only the commands, data and systems necessary to perform authorized functions.

Physical Security

13. Ensure all Supplier's networks and computers are located in secure physical facilities with limited and restricted access by authorized individuals only.

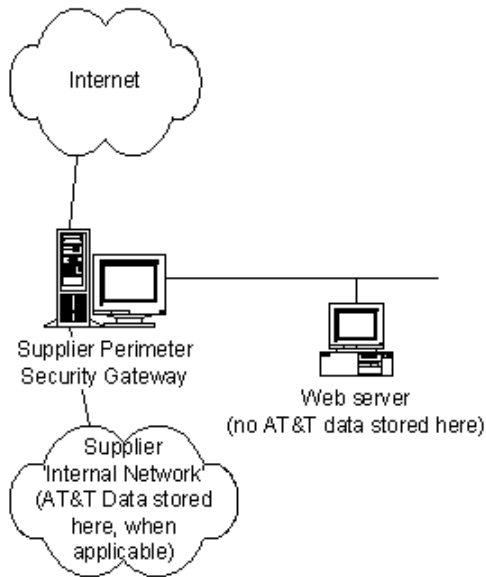
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- 14. Monitor and record, for audit purposes, access to the physical facilities containing networks and computers used in connection with Supplier's performance of its obligations under this Agreement.

Network Security

- 15. Separate AT&T's data from the Internet and the destination web servers with a perimeter security gateway (e.g. firewall). For additional clarification of this requirement, see diagram, however, the written requirements shall control with respect to the interpretation of this provision.



- 16. Upon AT&T's request, provide to AT&T a logical network diagram detailing the Information Resources (including, but not limited to firewalls, servers, etc) that will support AT&T.
- 17. Have a process and controls in place to detect and handle unauthorized attempts to access AT&T data.
- 18. Utilize strong encryption technologies (minimum 256-bit encryption) for the transfer of AT&T Information outside AT&T controlled facilities and network. This also applies to electronically transmitted email communications containing proprietary AT&T data or Information.
- 19. Utilize strong authentication (e.g. two factor token or digital certificates) for remote access.

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Information Security

- 20. Not co-locate AT&T's application/data on the same physical servers with other customers' or Supplier's own application/data unless approved in advance in writing by AT&T. If physical separation does not exist, documented controls must be in place and approved by AT&T to ensure separation of data and security of Information between customer, supplier, and AT&T applications.
eWFM is a scheduling application that managed the agent schedules. Verint is Supplier's call recording system, and there are on separate servers, by client. EDW, is Supplier's data warehouse. Supplier has logical controls around database access with specific group memberships permitting access only to StarTek's DBAs. EDW is in SOX scope requiring regular reviews and is also governed by Change Control for any changes that need to be made or transactions that would need to be run at the database level. The process that surrounds the EDW is as follows. Only technical (IT) people "who require such database access" can gain access to the EDW. This access has to be approved by Supplier's VP of Technology Operations prior to access being granted. Once approved, the individual is assigned specific access based on the necessary requirements to perform their jobs.
- 21. Have a procedure approved in advance in writing by AT&T for the backup, secure transport and storage of AT&T Information.
- 22. Maintain and furnish to AT&T a business continuity plan that ensures Supplier can meet its contractual obligations under the Agreement, including the requirements of any applicable Statement of Work or Service Level Agreement.
- 23. Store sensitive AT&T data elements utilizing strong encryption technologies (minimum 256-bit encryption). Sensitive data elements include, but are not limited to, the following: social security number, national, state or province, issued identification number, drivers license number, date of birth, bank account number, credit card number and expiration date, and other credit related information, PINs, passwords, passcodes, password hint answers, Protected Health Information as defined by the Health Insurance Portability and Accountability Act, HIPAA, biometric data, digitized signature, and background check details.
- 24. Limit access to AT&T Information, including paper hard copies, only to persons or systems authorized by AT&T under written agreement.
- 25. Be compliant with any applicable government and industry mandated information security requirements including, but not limited to the Payment Card Industry- Data Security Standards (PCI) and HIPAA.
- 26. Retain records according to and in compliance with any applicable federal, state, local and foreign laws, ordinances, regulations and/or codes, and as

otherwise directed by AT&T, for a period of no less than three (3) years, or longer as may be set forth herein or as may be required pursuant to a court order or civil or regulatory proceeding.

27. Return all AT&T Information, including electronic and hard copies within thirty (30) days upon the sooner of: (a) expiration or termination of the Agreement; (b) AT&T's request for the return of Information; or (c) when Supplier (or its suppliers or representatives) no longer need the Information. In the event AT&T approves the destruction as an alternative to returning the Information, then Supplier shall certify the destruction (e.g., degaussing, overwriting, performing a secure erase, performing a chip erase, shredding, cutting, punching holes, breaking) in a manner approved in advance in writing by AT&T.

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28. Unless otherwise instructed by AT&T, when collecting, generating or creating Information for, through or on behalf of AT&T or the AT&T brand, Supplier shall utilize the following AT&T proprietary marking:

“AT&T Proprietary Information (Internal Use Only)

Not for use or disclosure outside the AT&T companies

except under written agreement”

Identification and Authentication

29. Assign unique userids to individual users.
30. Have and utilize a documented Userid Lifecycle Management process including procedures for approved account creation, timely account removal, and account modification (e.g. changes to privileges, span of access, functions/roles) for all applications and across all environments (production, test, development, etc).
31. Enforce the rule of least privilege (i.e. limiting access to only the commands and Information necessary to perform authorized functions according to one's job function).
32. Limit failed login attempts to no more than six successive attempts and lock the user account upon reaching that limit. Access to the user account can subsequently be reactivated through a manual process requiring verification of the user's identity or, where such capability exists, can be automatically reactivated after at least three minutes from the last failed login attempt.
33. Terminate interactive sessions that have been inactive for a designated period of time, not to exceed fifteen (15) minutes.
34. Require password expiration at regular intervals not to exceed ninety (90) days unless approved in advance and in writing by AT&T.
35. Use an AT&T-approved authentication method based on sensitivity of Information. When passwords are used, they must meet these requirements:
- Passwords must be a minimum of six (6) characters in length.
 - Passwords must contain characters from at least two (2) of these groupings: alpha, numeric, and special characters.
 - Password construction must be complex and not contain names, dictionary words, combinations of words, or words with substitutions of numbers for letters, e.g., s3cur1ty.
 - Passwords must not contain repeating or sequential characters or numbers.
 - Passwords must not contain sequences of three (3) or more characters from the USERID or system name.
 - The new password must not contain sequences of three (3) or more characters from any of the previous four (4) passwords.
 - Passwords must not contain a sequence of two (2) or more characters more than once, e.g., a12x12.
- Note: (Applications housing Restricted Proprietary Information may require an authentication mechanism stronger than passwords and the authentication mechanism must be approved by AT&T in advance in writing. Examples of stronger authentication methods include tokens, digital certificates, passphrase, and biometrics.)*
36. Use a secure method for the conveyance of authentication credentials (e.g. passwords) and authentication mechanisms (e.g. tokens or smart cards).

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Warning Banner

37. Display a warning or “no-trespassing” banner on applicable login screens or pages when in Supplier's environment and not an AT&T Branded product or service.

(example long version):

This is an <company name> system, restricted to authorized individuals. This system is subject to monitoring. Unauthorized users, access, and/or modification will be prosecuted.

(example short version):

<company name> authorized use ONLY, subject to monitoring. All other use prohibited.

For AT&T Branded products or services or for software developed for AT&T, the Supplier shall display a warning banner on login screens or pages as provided by AT&T.

Software and Data Integrity

38. Scan for and promptly remove viruses.
39. Separate non-production systems and data from production systems and data.
40. Have a documented software change control process including back out procedures.
41. Have database transaction logging features enabled and retain database transaction logs for a minimum of six (6) months.
eWFM is not in scope for SOX therefore no database logging is required. Supplier has logical controls around database access with specific group memberships permitting access only to StarTek's DBAs. EDW is in SOX scope requiring regular reviews and is also governed by Change Control for any changes that need to be made or transactions that would need to be run at the database level. The process that surrounds the EDW is as follows. Only technical (IT) people "who require such database access" can gain access to the EDW. This access has to be approved by Supplier's VP of Technology Operations prior to access being granted. Once approved, the individual is assigned specific access based on the necessary requirements to perform their jobs. While eWFM provides workforce information, it is strictly a workforce management tool used for scheduling agents. EDW provides the metric and call data that is then used for invoicing and billing back to the Client.
42. Regarding software developed, used or furnished and/or supported under this Agreement, review code for which Supplier has or is permitted access, to find and remediate security vulnerabilities.
43. Perform quality assurance testing for the application functionality and security components (e.g. testing of authentication, authorization, and accounting functions, as well as any other activity designed to validate the security architecture).

Privacy Issues

44. NOT publicly disclose, sell, rent, lend, trade or lease any AT&T Information (including, Information obtained on AT&T's behalf).
45. Restrict access to any Personally Identifiable Information to authorized individuals.

Monitoring and Auditing Controls

46. Restrict access to security logs to authorized individuals.
47. Regularly review security logs for anomalies and document and resolve all logged security problems in a timely manner.
48. Keep security logs for a minimum of six (6) months.

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49. Provide, and hereby provides to AT&T audit rights to verify Supplier's compliance with its contractual obligations in connection with these AT&T Supplier Information Security Requirements. Upon AT&T's request for audit, Supplier shall schedule an audit to commence within thirty (30) days from such request. In the event AT&T, in its sole discretion, deems a security breach has occurred, Supplier shall schedule the audit to commence within one (1) day of AT&T's notice requiring an audit. This provision shall not be deemed to, and shall not limit any more stringent audit obligations permitting the examination of Supplier's records contained in this Agreement.
50. Provide AT&T within thirty (30) days from the publication of the audit report identifying any noncompliance with the contractual security requirements, a written report of completed or proposed corrective actions and implementation timeframes unless otherwise stipulated herein, as soon as possible, but not to exceed ninety (90) days addressing each noncompliance found within the audit. Supplier shall provide periodic, at least monthly, updates to AT&T on the implementation of the corrective action plan in order to track the work to completion.

Reporting Violations

51. Have and utilize a documented procedure to follow when an unauthorized intrusion or other security violation, including but not limited to, a physical security or computer security incident (e.g. hacker or attempted hacker activity or the introduction or attempted introduction of a virus or malicious code), is suspected which includes immediate notification to the AT&T Computer Security Incident Response Team (ACSIRT).
ACSIRT 24 hour contact information:
 - Phone: 1 866 466-2288, prompt 8 (U.S.)
 - Phone: 1 908 234-3327 (International)
52. In addition to providing AT&T with immediate notice of any security incident, provide AT&T with regular status updates including but not limited to actions taken to resolve such incident, at four-hour intervals (or at other mutually agreed intervals or times) for the duration of the incident, and within five days of the closure of the incident, a written report describing the incident, actions taken by the Supplier during its response and the Supplier's plans for future actions to prevent a similar incident from occurring in the future.

Software Development and Implementation

53. Ensure, prior to furnishing or development of software that such software incorporates applicable AT&T security requirements.

Interconnectivity

54. Use only the AT&T Chief Security Office (CSO) approved facilities and connection methodologies to interconnect AT&T's data facilities with Supplier's data facilities and to provide access to the data for each connection.
55. NOT establish interconnection to endpoint resources other than in the United States. Interconnections to endpoint resources other than in the United States require the express prior written consent of AT&T.
56. Permit limited access to Information Resources and the transmission of Information only to those individuals necessary to carry out the intent and purpose of the Agreement.
57. Maintain logs of user sessions (including application to application sessions) involving access to AT&T. These logs must include: login identification, user request records, system configuration, and timestamps and/or duration of access. These logs must be retained for six (6) months.
58. Provide AT&T access to any Supplier facilities during normal business hours for the maintenance and support of any AT&T equipment (e.g. router)

used for the transmission of Information under this Agreement.

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- 59. Use any AT&T equipment provided under this Agreement only for the furnishing of those services explicitly defined in this Agreement.
- 60. Consent and hereby consents to AT&T's gathering of information relating to Supplier's access to AT&T networks, processing systems and applications. This information may be collected, retained and analyzed by AT&T to identify potential security risks without further notice. This information may include trace files, statistics, network addresses, and the actual data or screens accessed or transferred.
- 61. Ensure that all Supplier interconnections to AT&T pass through the designated AT&T perimeter security gateway (e.g. firewall).
- 62. Ensure that Supplier interconnections to AT&T must terminate at a perimeter security gateway (e.g. firewall) at the Supplier end of the connection.
- 63. Consent and hereby provides advance consent to AT&T's immediately suspending or terminating any interconnection if AT&T, in its sole discretion, believes there has been a breach of security or unauthorized access to or misuse of AT&T data facilities or Information. (Notwithstanding the foregoing, AT&T does not require Supplier's consent to terminate in whole or in part any connection if AT&T believes, in its sole discretion, that disconnection is warranted.)

Security Policies and Procedures

- 64. Ensure that all personnel, subcontractors or representatives performing work on any AT&T resources or the resources used to interconnect to AT&T resources or the resources used to house AT&T or AT&T Branded Information under this Agreement are in compliance with these Information Security Requirements.
- 65. Notify AT&T of any policy changes that could impact the security controls put in place to secure AT&T's data.
- 66. Periodically review these Information Security Requirements to ensure that Supplier is in compliance with the requirements.
- 67. Return all AT&T owned or provided access devices (including SecurID tokens, information storage devices, software, and/or computer equipment, as soon as practicable, but in no event more than fifteen (15) business days after AT&T provides Supplier with specific, written instructions for the return thereof (including without limitation the destination for such return) following the sooner of: (a) expiration or termination of the Agreement; (b) AT&T's request for the return of such property; or (c) when Supplier (or its suppliers or representatives) no longer need such property. If AT&T fails to provide such instructions within fifteen (15) business days after Supplier's request for such instructions, then all such tokens, devices, software, and equipment shall be returned to the current AT&T Business Unit contact at the location on file with Startek.

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Amendment

20070105.006.A.003

Between

StarTek, Inc.

And

AT&T Services, Inc.

AMENDMENT NO. 3**AGREEMENT NO. 20070105.006.C**

This Amendment, effective on the date when signed by the last Party ("Effective Date"), and amending Agreement No. 20070105.006.C, is by and between StarTek, Inc., a Delaware corporation ("Supplier"), and AT&T Services, Inc., a Delaware corporation ("AT&T"), each of which may be referred to in the singular as a "Party" or in the plural as the "Parties."

WITNESSETH

WHEREAS, Supplier and AT&T entered into Agreement No. 20070105.006.C on January 26, 2007 (the "Agreement"); and

WHEREAS, Supplier and AT&T desire to amend the Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the covenants hereinafter contained, the Parties hereto agree as follows:

1) Section 2.0 "**Definitions**", is hereby amended as follows:

- a. Sub-section 2.24, "**Customer Service Representative**" or "**CSR**", is hereby added to the Agreement and is fully incorporated therein by this reference:

2.24 "Customer Service Representative" or "CSR" means a Supplier employee who is contacted by and speaks with AT&T customers either via telephone, email or on-line chat sessions on behalf of AT&T. A CSR provides support, answers questions and solves problems related to AT&T Products or Programs.

- b. Sub-section 2.25, "**Average Handle Time**", is hereby added to the Agreement and is fully incorporated therein by this reference.

2.25 "Average Handle Time" is defined as the total time a CSR is in talk time plus after-call wrap time plus hold time divided by the number of calls taken by the CSR in the measured period of time.

- c. Sub-section 2.26, "**Nesting**", is hereby added to the Agreement and is fully incorporated therein by this reference.

2.26 "Nesting" means the period after CSRs have completed the classroom training and are receiving inbound calls in the Production environment with mentoring and coaching.

- d. Sub-section 2.27, "**Product**" or "**Program**", is hereby added to the Agreement and is fully incorporated therein by this reference.

2.27 "Product" or "Program" means AT&T services and customer support services related thereto.

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- e. Sub-section 2.28, "**Production**", is hereby added to the Agreement and is fully incorporated therein by this reference.

2.28 "Production" is defined as the mode when CSR's, after successfully completing the prescribed new hire training program, are handling live calls from AT&T customers.

- f. Sub-section 2.29, "**Project**", is hereby added to the Agreement and is fully incorporated therein by this reference.

2.29 **“Project”** is defined as any effort for which an Order is created in support of AT&T.

- g. Sub-section 2.30, **“Special Terms and Conditions”**, is hereby added to the Agreement and is fully incorporated therein by this reference.

2.30 **“Special Terms and Conditions”** means written terms and conditions that are (a) different from or additional to the terms and conditions set forth in this Agreement, (b) specifically negotiated by the Parties in reference to an Order, (c) expressed in an Order or incorporated by reference.

- h. Sub-section 2.31, **“Warm Transfer”**, is hereby added to the Agreement and is fully incorporated therein by this reference.

2.31 **“Warm Transfer”** is defined as the process of transferring a customer seeking information to the appropriate resource to assist the customer. During the call transfer, the transferring CSR will introduce the calling customer to the receiving CSR and provide a brief overview of the customer.

- 2) Delete subparagraphs b and i of Section 3.19 **“Invoicing and Payment”** and replace with the following new subparagraphs b and i:

b. AT&T shall pay all properly rendered invoices [*]% net [*] days of receipt for all work performed by Supplier for all Orders issued under this Agreement. AT&T shall pay all properly rendered invoices [*]% net [*] days of receipt for Orders for Services performed for AT&T Mobility, LLC that are active as of the effective date of this amendment. If AT&T disputes an invoice, it shall pay the undisputed portion in a timely fashion but shall not be obligated to pay the disputed portion until the parties have resolved the dispute. AT&T’s failure to pay the undisputed portion in a timely fashion shall not be deemed a waiver of its right to contest the disputed charges.

i. Each month, AT&T shall be entitled to the discounts shown in the table below, based on the cumulative value of **all** work performed by Supplier during the month for all Orders issued under this Agreement, except however that Orders for Services performed for AT&T Mobility, LLC that are active as of the effective date of this amendment shall be excluded. Any discounts shall be submitted as a separate credit memo to be issued against the applicable Order in which the credit applies and must be issued by the end of the month in which the invoice was issued. If no further payments are owed to Supplier under an applicable Order that is either Cancelled, Terminated or expired, and a credit is still owed, Supplier shall issue a check to AT&T for such credit within [*] days after such Termination, Cancellation or expiration.

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- 3) The Discount Table and Example shown in Subparagraph i of Section 3.19 **Invoicing and Payment** is hereby modified as follows:

The terms “Contractor” and “Company” used in the discount table heading and in the paragraph entitled “Example of discount” shall now read “Supplier” and “AT&T” respectively.

- 4) The following Section 4.22, **“Change Management”**, is hereby added to the Agreement and is fully incorporated therein by this reference:

4.22 Change Management

AT&T may at any time during the progress of the Services pursuant to an Order require additions, deletions or alterations (all hereinafter referred to as a “Change”) to the Services. Within [*] days after a request for a Change, Supplier shall submit a Program Change Notice (PCN), attached hereto as Appendix J, to AT&T that includes any changes in Supplier’s costs or in the delivery of Service schedule necessitated by the Change. Supplier shall submit a proposal to AT&T, which includes any changes in Supplier costs or in the delivery or Program(s) schedule necessitated by the Change. AT&T shall, within [*] business days of receipt of the proposal, either (i) accept the proposal with a written amendment to the applicable Order or fully executed PCN directing Supplier to perform the Change or (ii) advise Supplier not to perform the Change in which event Supplier shall proceed with the original Program(s) in accordance with the applicable Order. No such Change shall be considered, nor shall Supplier be entitled to any compensation for work done pursuant to or in contemplation of a Change, unless made pursuant to a written amendment to the applicable Order or fully executed PCN issued by AT&T.

- 5) The following Section 4.23, **“Call Flow and Script Approval”**, is hereby added to the Agreement and is fully incorporated therein by this reference:

4.23 Call Flow and Script Approval

AT&T shall be responsible for and must approve scripts, order forms, and report formats to be used by Supplier for Services provided pursuant to an Order. If Supplier desires any changes whatsoever to the aforementioned scripts, forms or formats, then Supplier must obtain AT&T’s prior written approval of such changes.

- 6) The attached Appendix J — **“Program Change Notice”** is hereby added to the Agreement and fully incorporated therein by this reference.

- 7) Delete Appendix AA (Background Checks) and replace with the attached Appendix AA (Background Checks).

The terms and conditions of Agreement No. 20070105.006.C in all other respects remain unmodified and in full force and effect.

Original signature transmitted and received via facsimile or other electronic transmission of a scanned document, (e.g., .pdf or similar format) are true and valid signatures for all purposes hereunder and shall bind the parties to the same extent as that of an original signature. This Agreement may be executed in multiple counterparts, each of which shall be deemed to constitute an original but all of which together shall constitute only one document.

IN WITNESS WHEREOF, the Parties have caused this Amendment to Agreement No. 20070105.006.C to be executed, as of the date the last Party signs.

StarTek, Inc.

AT&T Services, Inc.

By: /s/ A. Laurence Jones
Printed Name: A. Laurence Jones
Title: President & CEO
Date: 6/24/09

By: /s/ Karen Tays
Printed Name: Karen Tays
Title: Senior Contract Manager
Date: 6/23/09

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Appendix J

PROGRAM CHANGE NOTICE

PRIORITY: High Medium Low

PROGRAM: DATE:

SUPPLIER: AT&T PRIMARY CONTACT:

DESCRIPTION OF CHANGE:

ADDITIONAL COST (IF ANY):

IMPLEMENTATION PLAN ATTACHED? YES NO

ALL SUPPORTING MATERIALS ATTACHED? YES NO

APPROVAL SIGNATURES:

Supplier: _____
By: _____
Printed Name: _____
Title: _____
Date: _____

AT&T: _____
By: _____
Printed Name: _____
Title: _____
Date: _____

PLEASE NOTE: No additional changes for a Program will be authorized until Supplier receives a signed PCN from AT&T.

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a. **Definitions.** As used in this Appendix, the terms set forth below shall have the following meanings:

1. **Access** shall mean direct or indirect access, whether physical, virtual, or otherwise, to any of AT&T's employee or customer Information or any of AT&T's or AT&T's customer's (i) premises, (ii) systems or software, or (iii) networks.
2. **Background Check, with respect to any Supplier Person, shall mean:**
 - Supplier's;
 - (a) [*]
 - (b) [*]
 - (c) [*]
 - (d) [*]
3. **Arraigned or Convicted**, with respect to a Supplier Person, shall mean that such person is awaiting trial for or has been convicted, or pled guilty (i) of a felony, or (ii) of a misdemeanor involving (a) violence, (b) sexually related conduct, or (c) burglary, theft, fraud or other financial crimes, or (d) weapons possession.
4. **Claims** shall mean claims, investigative actions, suits, or proceedings for Losses.
5. **Criminal Background Check**, with respect to any Supplier Person, shall mean (i) a criminal background check of such person covering each [*], and (ii) a search of each Registry to determine whether such person is identified as a Sex Offender.
6. **Drug Screen**, with respect to any Supplier Person, shall mean the testing of such person for the use of illicit drugs, including the cannabinoids, cocaine, amphetamines, opiates, and phencyclidine.
7. **Identification Credentials**, with respect to any Supplier Person, shall mean indicia of such person's identity, including his or her date of birth, Social Security Number (and/or, if applicable, other national identification number), country of citizenship (and, if applicable, status in U.S. as an alien permanent resident, holder of an HB1 visa, etc.), and employment history during the Period.
8. **Include** (all forms thereof) shall mean include without limitation by virtue of enumeration.
9. **Losses** shall mean losses, damages, fines, penalties, liabilities (e.g., settlements and judgments) and expenses (e.g., interest, court costs, and reasonable attorneys' and other third party fees and expenses and other litigation expenses) that may be or actually are suffered, incurred, or sustained by AT&T or to which AT&T becomes subject.

Proprietary and Confidential

This Agreement and information contained therein is not for use or disclosure outside of AT&T, its Affiliates, and third party representatives, and Supplier except under written agreement by the contracting parties.

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10. **Period**, with respect to Supplier's Background Check of any Supplier Person, shall mean the [*] years preceding such background check.
11. **Registry** shall mean each registry or compilation, including each website, maintained by each federal or state agency that identifies or sets forth a registry of convicted Sex Offenders.
12. **Resolved**, with respect to any arrest or conviction reported by a Supplier Person to Supplier or Supplier's subcontractor or agent, shall mean that Supplier has reviewed such arrest or conviction and has taken appropriate action with respect thereto.
13. **Self-Reporting**, with respect to any Supplier Person, shall mean formal written requirements and procedures of Supplier or Supplier's subcontractor or agent that require such person to report arrests and convictions to Supplier or such subcontractor or agent.
14. **Sex Offender** shall mean any person identified or registered as a convicted sex offender in any Registry.
15. **Supplier Person** shall mean each employee or temporary worker of (i) Supplier, (ii) each subcontractor of Supplier, and (iii) each agent of Supplier.
16. **Specified Service** shall mean any Service that permits or requires Access.

b. **Background Checks of Supplier Persons Performing Specified Services**

1. In each case to the extent permissible under applicable law, including any such law governing the rehabilitation of offenders or restricting the disclosure of drug-screening results.
 - i Initial Background Check. Supplier shall conduct an initial Background Check of each Supplier Person whom Supplier proposes to have perform any Specified Service
 - ii [*]; Officer Certification. Supplier shall thereafter [*] conduct a [*] of each Supplier Person performing any Specified Service (unless such person is subject to Self-Reporting and Supplier has Resolved any [*] reported by such person). Supplier shall cause one of its officers to certify to AT&T Supplier's compliance with this section b(1)(ii) in the form set forth below. Supplier shall send such certification to the AT&T contact for notices set forth in the Agreement.

- iii Supplier Indemnification of AT&T. Supplier shall indemnify, defend and hold harmless AT&T from any Claims, resulting from, arising out of, or relating to Supplier's use of any Supplier Person to perform any specific service who has been Arraigned or Convicted or identified on a Registry as a Sex Offender prior to, as applicable, (i) performing such Specified Service, or (ii) Supplier's [*] of such person.

Proprietary and Confidential

This Agreement and information contained therein is not for use or disclosure outside of AT&T, its Affiliates, and third party representatives, and Supplier except under written agreement by the contracting parties.

- 2. Supplier Representation as to Drug Screening, Arraignments and Convictions, Sex Offenses. Supplier (i) represents and warrants that no Supplier Person who Supplier proposes to have perform any Specified Service presented a positive drug screen, has been Arraigned or Convicted within the Period, or is identified on any Registry as a Sex Offender, and (ii) shall not permit any Supplier Person, who has presented a positive drug screen, or who has been Arraigned or Convicted within the Period, or who has been identified on any Registry as a Sex Offender, to perform any Specified Service.
- 3. Supplier Responsibilities with respect to Supplier Person's Identification Credentials.
 - i Supplier shall make all reasonable efforts to ensure that no Supplier Person who Supplier proposes to have perform any Specified Service, (i) falsifies any of his or her Identification Credentials, or (ii) fails to disclose any information in the hiring process relevant to the performance of such Services.
 - ii Supplier shall not permit to perform any Specified Service, but shall instead immediately remove from the performance thereof, any such person who has falsified any Identification Credential or failed to disclose any such information.
 - iii Supplier shall indemnify, defend and hold harmless AT&T from any Claims for Losses, resulting from, arising out of, or relating to Supplier's use of any Supplier Person to perform any specific service who has falsified any such Identification Credential.

Certification of Compliance — [*] Criminal Background Check

Startek, Inc. ("Supplier") and AT&T Services, Inc. ("AT&T") are parties to Agreement No. (insert number) dated [insert date of Agreement] (the "Agreement"). Capitalized terms used but not otherwise defined herein have the meanings set forth in the Agreement.

The Appendix to the Agreement entitled "Background Checks" (the "Background Check Provision") provides that Supplier shall [*] cause one of its officers to certify Supplier's compliance with section b(1)(ii) of the Background Check Provision.

Proprietary and Confidential

This Agreement and information contained therein is not for use or disclosure outside of AT&T, its Affiliates, and third party representatives, and Supplier except under written agreement by the contracting parties.

Pursuant to the requirements of the Background Check Provision, I hereby certify that Supplier is in compliance with section b(1)(ii) thereof and, specifically, with respect to each Supplier Person performing any Specified Service, either (a) Supplier has within the past [*] conducted a Criminal Background Check and no such person has been Arraigned or Convicted or identified on a Registry as a Sex Offender, or (b) during the past [*] such person has been subject to Self-Reporting and Supplier has Resolved any arrest or conviction reported by such person.

By _____

Name [printed]

Title [printed]

Date [printed]

Proprietary and Confidential

This Agreement and information contained therein is not for use or disclosure outside of AT&T, its Affiliates, and third party representatives, and Supplier except under written agreement by the contracting parties.

AMENDMENT to WORK ORDER

This Amendment GASOW-STAR100606-00.A.006 to Work Order (“WO”), GASOW-STAR100606-00 effective as of July 1, 2009 (“Effective Date”), between StarTek, Inc. (“StarTek”), a Delaware corporation, and AT&T Mobility LLC, (“AT&T”) a Delaware limited liability company, on behalf of itself and its Affiliates, amends the work order described below.

RECITALS

WHEREAS, AT&T and StarTek entered into a Master Service Agreement on October 1, 2006 (the “MSA”);

WHEREAS AT&T and StarTek executed Work Order GASOW-STAR100606-00 dated November 30, 2006 (“WO”) pursuant to the MSA to provide services to AT&T Mobility LLC;

WHEREAS AT&T and StarTek desire to amend the term of the WO;

NOW THEREFORE, FOR AND IN CONSIDERATION of the mutual covenants contained herein, the parties agree to amend the WO as follows:

1. Section 3. “Term” of the WO is hereby deleted in its entirety and it is replaced by the following:

“3. ‘The Term of this SOW shall commence on November 30,2006 (“Effective Date”), and shall continue until midnight on July 31, 2009 (the “Initial Term). The SOW may be terminated as allowed in the Agreement or in this SOW.”

2. Except as amended by this Amendment, the WO is not otherwise modified, revoked or superseded and remains in full force and effect.
3. This amendment maintains services pending approval of new work order.

IN WITNESS WHEREOF, the parties execute this Amendment as of the Effective Date.

StarTek Inc.

AT&T Mobility LLC by its authorized Representative AT&T Services, Inc.

By: /s/ A. Laurence Jones

By: /s/ Karen Tays

Printed Name: A. Laurence Jones

Printed Name: Karen Tays

Title: CEO

Title: Senior Contract Manager

Date: 6/29/09

Date: 6/29/09

Proprietary Information

The information contained in this Agreement is not for use or disclosure outside AT&T, StarTek, their affiliated companies and their third party representatives, except under written Agreement by the contracting Parties.

**AMENDMENT NO. 2
TO
T-MOBILE USA, INC. SERVICES AGREEMENT**

CALL CENTER SERVICES

This Amendment No. 2 to the T-Mobile USA, Inc. Services Agreement — Call Center Services (this “**Amendment No. 2**”) is made and entered into as of April 1, 2009 (the “**Amendment Effective Date**”), by and between T-Mobile USA, Inc., a Delaware corporation, with a principal place of business at 12920 SE 38th Street, Bellevue, Washington 98006 (“**T-Mobile**”) and StarTek USA, Inc., a Colorado corporation with a principal place of business at 44 Cook Street, 4th Floor, Denver, CO 80206, USA (“**Provider**”).

RECITALS

WHEREAS T-Mobile and Provider entered into that certain T-Mobile USA, Inc. Services Agreement — Call Center Services effective as of October 1, 2007 (such agreement, together with all schedules and exhibits thereto, and as amended by Amendment No. 1, dated February 24, 2008, hereinafter referred to as the “**Original Agreement**”);

WHEREAS the terms of the Original Agreement (including, for the avoidance of doubt, capitalized terms defined therein) are incorporated herein *mutatis mutandis*;

WHEREAS Provider and T-Mobile desire to amend the Original Agreement to adjust the hours of operation for the call center services rendered by Provider at Kingston, Ontario, Canada and Sarnia, Ontario, Canada;

WHEREAS Provider and T-Mobile desire to amend the Original Agreement to add new Lines of Business for the call center services rendered by Provider to include: MCSA Migrations - 36, WLNP — 518 (formerly Skill 727), WLNP Spanish — 285 (formerly Skill 747), Web Correspondence, Business Care 250, 251, Business Care Offline Chat, Gen Care Offline Chat, B2B Major Accounts — 132, and SunCom Business Care - 450 shown below at Alexandria, Louisiana; Kingston, Ontario, Canada; and/or Sarnia, Ontario, Canada;

WHEREAS Provider and T-Mobile desire to amend the Original Agreement by this Amendment No. 2, to replace in its entirety Section A entitled “Rate Chart” in Schedule 1 to Pricing Terms, as hereinafter set forth;

WHEREAS Provider and T-Mobile desire to amend the Original Agreement by this Amendment No. 2, to incorporate additional AHT KPI tables in Section B (KPI Penalties and Bonuses: Pay for Performance Workbook), as hereinafter set forth below;

WHEREAS Provider and T-Mobile desire to amend the Original Agreement by this Amendment No. 2 to add Exhibit F (Training Device License Agreement) to the Original Agreement, as hereinafter set forth; and

WHEREAS Provider and T-Mobile desire to amend the Original Agreement by this Amendment No. 2 to delete Attachment 1 of Exhibit C entitled “Required Internet Sites (URLs)”

AMENDMENT NO. 2 TO T-MOBILE USA, INC.
SERVICES AGREEMENT

T-Mobile USA Confidential

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in its entirety and to incorporate the Required Internet Sites into Exhibit C-1, as hereinafter set forth below.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby amend the Original Agreement as follows:

AMENDMENTS

1. Amendment.

Section A entitled “Description of Services and Specifications” in Exhibit B (Form of Statement of Work) accompanying and incorporated into the Original Agreement, is hereby deleted in its entirety and replaced with the following:

“A. Description of Services and Specifications:

Line of Business	AHT	Site	Hours of Operation Pacific Time	Commencement Date for Hours of Operation	Term
Activations English - 261	[*]	Alexandria, Louisiana	[*]	November 9, 2008	Two (2) years from Agreement Effective Date
Consumer Credit English - 281	[*]	Alexandria, Louisiana	[*]	November 9, 2008	Two (2) years from Agreement Effective Date
MCSA Migrations - 36	[*]	Alexandria, Louisiana	[*]	Week of March 15, 2009	Two (2) years from Agreement Effective Date
WLNP — 518 (formerly 727)	[*]	Alexandria, Louisiana	[*]	September 20, 2008	Two (2) years from Agreement Effective Date

Activations English - 261	[*]	Kingston, Ontario, Canada	[*]	November 9, 2008	Two (2) years from Agreement Effective Date
Activations Offline	[*]	Kingston, Ontario, Canada	[*]	October 1, 2007	Two (2) years from Agreement Effective Date
Business Care - 250	[*]	Kingston, Ontario, Canada	[*]	October 1, 2007	Two (2) years from Agreement Effective Date

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Business Care - 251	[*]	Kingston, Ontario, Canada	[*]	October 1, 2007	Two (2) years from Agreement Effective Date
Business Care Offline	[*]	Kingston, Ontario, Canada	[*]	March 29, 2009	Two (2) years from Agreement Effective Date
Consumer Credit English - 281	[*]	Kingston, Ontario, Canada	[*]	November 9, 2008	Two (2) years from Agreement Effective Date
Gen Care Offline Chat	[*]	Kingston, Ontario, Canada	[*]	Week of May 17, 2009	Two (2) years from Agreement Effective Date
MCSA Migrations - 36	[*]	Kingston, Ontario, Canada	[*]	February 9, 2009	Two (2) years from Agreement Effective Date
SIM-MSISDN - 19	[*]	Kingston, Ontario, Canada	[*]	February 25, 2008	Two (2) years from Agreement Effective Date
Web Correspondence	[*]	Kingston, Ontario, Canada	[*]	May 18, 2009	Two (2) years from Agreement Effective Date
WLNP —518 (formerly 727)	[*]	Kingston, Ontario, Canada	[*]	September 20, 2008	Two (2) years from Agreement Effective Date
WLNP Casework	[*]	Kingston, Ontario, Canada	[*]	January 1, 2007	Two (2) years from Agreement Effective Date
WLNP Spanish - 285 (formerly 747)	[*]	Kingston, Ontario, Canada	[*]	September 20, 2008	Two (2) years from Agreement Effective Date
B2B Major Accounts - 132	[*]	Sarnia, Ontario, Canada	[*]	July 27, 2007	Two (2) years from Agreement Effective Date
Business Care - 250	[*]	Sarnia, Ontario, Canada	[*]	December 1, 2008	Two (2) years from Agreement Effective Date

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Business Care - 251	[*]	Sarnia, Ontario, Canada	[*]	December 1, 2008	Two (2) years from Agreement Effective Date
Business Care Offline	[*]	Sarnia, Ontario, Canada	[*]	October 1, 2007	Two (2) years from Agreement Effective Date
Business Care Offline Chat	[*]	Sarnia, Ontario, Canada	[*]	March 15, 2009	Two (2) years from Agreement Effective Date
MCSA Migrations - 36	[*]	Sarnia, Ontario, Canada	[*]	February 9, 2009	Two (2) years from Agreement Effective Date
SunCom Business Care — 450	[*]	Sarnia, Ontario, Canada	[*]	Week of May 17, 2009	Two (2) years from Agreement Effective Date

2. **Amendment.**

Section B entitled “General” is hereby changed in reference only to Section C.

3. **Amendment.**

Section B is hereby modified and entitled as “Service Descriptions” in Exhibit B (Form of Statement of Work) accompanying and incorporated into the Original Agreement, is hereby replaced with the following:

“B. Service Descriptions. The following T-Mobile Lines of Business will be supported from the StarTek Facilities:

1. **“Activations English — 261”:** Provides English language customer service regarding account creation, assignment of mobile number, and enrollment in a rate plan.
2. **“B2B Major Accounts — 132”:** Provides individual specialized customer service required by large corporate and government accounts.
3. **“Business Care — 250, 251”:** Provides specialized customer service required by large businesses and government accounts.
4. **“Consumer Credit English — 281”:** Provides English language customer service regarding credit matters on T-Mobile accounts.
5. **“MCSA (Master Corporate Services Agreement) — 36”:** Provides customer service to employees of businesses to take advantage of corporate discounts.

6. **“SIM-MSISDN - - 19”:** Provides customer service for customers regarding SIMS and phone numbers on T-Mobile accounts.
7. **“Web Correspondence”:** Provides customer service via written customer requests submitted through email to T-Mobile.com.
8. **“WLNP - - English — 518 (formerly Skill 727)”:** Provides English language customer service on pending port requests for customers who transfer mobile phone numbers to or from T-Mobile.
9. **“WLNP - Spanish — 285 (formerly Skill 747)”:** Provides Spanish language customer service on pending port requests for customers who transfer mobile phone numbers to or from T-Mobile.
10. **“Activations Offline”:** Provides offline customer service regarding account creation, assignment of mobile number, and enrollment in a rate plan.
11. **“Business Care — Offline”:** Provides specialized offline customer service required by large businesses and government accounts.
12. **“Business Care Offline Chat”:** Provides specialized customer service required by large businesses and government accounts using Instant Service.
13. **“General Customer Care Offline Chat”:** Provides general customer support for billing issues, call handling, coverage, calling features, rate plans, services, etc. using Instant Service.
14. **“WLNP Casework”:** Provides customer service on pending port requests for customers who transfer mobile phone numbers to or from T-Mobile requiring additional research.
15. **“SunCom Business Care - 450”:** Provides English language specialized customer service required by large businesses and government accounts.”

4. Amendment.

Section A entitled “Rate Chart” in Schedule 1 to Pricing Terms accompanying and incorporated into the Original Agreement, is hereby deleted in its entirety and replaced with the following:

“A. Rate Chart. The following chart sets forth the respective rates for the Services, subject to modification as provided in Section B below and as otherwise provided in the Original Agreement.

Line Of Business (LOB)	% Offered to Forecast	Price Per Minute (PPM)**	Holiday/Overtime PPM**
	[*]	[*]	[*]
	[*]	[*]	[*]
	[*]	[*]	[*]
	[*]	[*]	[*]
	[*]	[*]	[*]
	[*]	[*]	[*]
	[*]	[*]	[*]
	[*]	[*]	[*]
Activations English - 261	[*]	[*]	[*]
B2B Major Accounts - 132	[*]	[*]	[*]
Business Care - 250, 251	[*]	[*]	[*]

Consumer Credit English - 281	[*]	[*]	[*]
MCSA Migrations - 36	[*]	[*]	[*]
WLNP – 518 (formerly 727)	[*]	[*]	[*]
SunCom Business Care – 450	[*]	[*]	[*]
	[*]	[*]	[*]
	[*]	[*]	[*]
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	[*]	[*]	[*]
	[*]	[*]	[*]
	[*]	[*]	[*]
	[*]	[*]	[*]

Line Of Business (LOB)	% Offered to Forecast	Price Per Minute (PPM)**	Holiday/Overtime PPM**
	[*]	[*]	[*]
WLNP Spanish - 285 (formerly 747)	[*]	[*]	[*]
	[*]	[*]	[*]
	[*]	[*]	[*]
	[*]	[*]	[*]
	[*]	[*]	[*]
	[*]	[*]	[*]
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	[*]	[*]	[*]
	[*]	[*]	[*]

Base Price Per Minute (PPM) Rate [*]

Line Of Business (LOB)	Location	Price Per Hour (PPH)	Holiday/Overtime PPH
Activations Offline	Kingston, Ontario	[*]	[*]
Business Care Offline	Kingston, Ontario Sarnia, Ontario	[*]	[*]
Gen Care Offline Chat	Kingston, Ontario	[*]	[*]
SIM-MSISDN - 19	Kingston, Ontario	[*]	[*]
Web Correspondence	Kingston, Ontario	[*]	[*]
WLNP Casework	Kingston,	[*]	[*]

**NOTE: Pricing contingent upon meeting adjusted Service Level goal and 95% staffing level

Hourly Price Points	Price Per Hour (PPH)
New Hire Training	\$ [*]
Continuing Education Training	\$ [*]
Conversion Training (80/40)	\$ [*]
Conversion Training - Activations and Consumer Credit (90/20)	\$ [*]
Data Input of Downtime Forms	\$ [*]
Non-Standard Report Development	\$ [*]

5. **Amendment.**

Section 14.6 (One Call Resolution (OCR)) of the Standard Terms is hereby deleted in its entirety.

“[RESERVED]”

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6. **Amendment.**

The AHT KPI tables with the PFP Factors in Section B (KPI Penalties and Bonuses: Pay for Performance Workbook) of Schedule 1 to Standard Terms and Conditions are edited to include the additional LOBs as hereinafter set forth in Appendix A.

7. **Amendment.**

Section C (Ramp Provisions) is hereby deleted in its entirety.

8. **Amendment.**

Exhibit F (Training Device License Agreement) shall be added to the Original Agreement in the form set forth as Appendix B attached hereto.

9. **Amendment.**

Attachment 1 to Exhibit C (“T-Mobile Customer Care System”) entitled “Required Internet Sites (URLs)” is hereby deleted and replaced in its entirety as follows:

“EXHIBIT C-1

REQUIRED INTERNET SITES (URLs)

At least monthly T-Mobile will electronically submit a list of URLs that supplement internal “Streamline” methods and procedures for addressing T-Mobile customer concerns. Provider must provide and limit network access to strictly these URLs, and ensure that such URLs are accessible on each workstation during training and production. T-Mobile may, in its sole discretion, change or update the list and the form of communication to Provider at any time.”

10. The Handset and SIM License Agreement dated September 26, 2008 is hereby revoked in its entirety and is superseded with Exhibit F.

11. Except as modified or superseded by this Amendment No. 2, all other terms and conditions of the Original Agreement shall remain in full force and effect, without modification, addition or deletion.

12. Headings used in this Amendment No. 2 are for reference purposes only and in no way define, limit, construe or describe the scope or extent of such section.

(THE REST OF THIS PAGE INTENTIONALLY LEFT BLANK)

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13. This Amendment No. 2 may be executed by the Parties hereto in any number of separate counterparts, including by facsimile or other electronic transmission, and all such counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 2 as of the Amendment Date above.

PROVIDER

T-MOBILE USA, INC.

By: /s/ A. L. Jones

By: Betty Jones

Name: A. L. Jones

Name: Betty Jones

Title: CEO

Title: Vice President, Customer Care

Date Signed: 6-23-09

Date Signed: 6-16-09

APPENDIX A
AMENDED PFP FACTORS

The PFP Factors for the additional AHT tables as set forth in Section B (KPI Penalties and Bonuses: Pay for Performance Workbook) of Schedule 1 to Standard Terms and Conditions are as follows:

**Note: pursuant to the terms and conditions set forth in the Agreement, the measurements below are subject to revision at T-Mobile's sole discretion, by provision of written notice to the Provider. If Quality PFP is in penalty, no bonus for AHT PFP can be achieved.

AHT - - 420
Activations English (261)

From	To	PFP Factor
[*]	[*]	[*]
[*]	[*]	[*]
[*]	[*]	[*]
[*]	[*]	[*]
[*]	[*]	[*]

AHT - - 320
Consumer Credit English (281)

From	To	PFP Factor
[*]	[*]	[*]
[*]	[*]	[*]
[*]	[*]	[*]
[*]	[*]	[*]
[*]	[*]	[*]

AHT - - 450
MCSA Migrations (36)

From	To	PFP Factor
[*]	[*]	[*]
[*]	[*]	[*]
[*]	[*]	[*]
[*]	[*]	[*]
[*]	[*]	[*]

AHT - 415
WLNP English (518)
WLNP Spanish (285)

From	To	PFP Factor
[*]	[*]	[*]
[*]	[*]	[*]
[*]	[*]	[*]
[*]	[*]	[*]
[*]	[*]	[*]

AHT - 480
Business Care (250)
Business Care (251)

From	To	PFP Factor
[*]	[*]	[*]
[*]	[*]	[*]
[*]	[*]	[*]
[*]	[*]	[*]
[*]	[*]	[*]

AHT - 340
B2B Major Accounts
(132)

From	To	PFP Factor
[*]	[*]	[*]

[*]

[*]

[*]

[*]

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**APPENDIX B
EXHIBIT F
TRAINING DEVICE LICENSE AGREEMENT**

**EXHIBIT F
T-MOBILE USA, INC.
TRAINING DEVICE LICENSE AGREEMENT**

License Effective Date: April 1, 2009

This Training Device License Agreement (this “**License Agreement**”) is entered into as of the License Effective Date above, by and between T-Mobile USA, Inc., with its primary business office at 12920 SE 38th Street, Bellevue, WA Washington 98006 (“**T-Mobile**”), and StarTek USA, Inc., a corporation organized under Colorado, with a principal place of business at 44 Cook Street, 4th Floor, Denver, Colorado 80206, USA (“**Provider**”).

For purposes of clarity, T-Mobile and/or Provider may be generally referred to herein individually as a “Party” or collectively as the “Parties.”

1. Scope of Use. Provider and T-Mobile currently have entered into that certain Services Agreement — Call Center Services, dated October 1, 2007, and as amended by Amendment No. 1, dated February 24, 2008 (the “**Services Agreement**”), for the provision of certain customer care services to T-Mobile and T-Mobile’s customers, the terms of which are incorporated by reference herein, *mutatis mutandis*. Capitalized terms used herein but not defined shall have the meanings accorded to them in the Services Agreement. In order to provide the Services under the Services Agreement, Provider will be delivered certain Handsets and SIMs (as respectively defined and identified below), for internal use by Provider’s care representatives, to assist T-Mobile’s customers with handset related issues, including, without limitation, operational handset use and handset troubleshooting.

2. Training Devices. At T-Mobile’s sole discretion, T-Mobile may furnish to Provider the handsets (“**Handsets**”), Subscriber Identity Modules (“**SIMs**”), and/or wireless routers (“**Routers**”) as may be required for offshore sites (collectively “**Training Devices**”), for the sole use in the training environment. The Training devices shall be identified in the training device inventory (“**Training Device Inventory**”) for the applicable Sites mentioned therein and will be updated from time-to-time.

3. Training Device Inventory. At least quarterly T-Mobile will electronically submit a clean Training Device Inventory to Provider for the purpose of obtaining all training device information that currently is in Provider’s possession. The Training Device Inventory will need to be populated with make/model, serial numbers, IMEI numbers, SIM/MSISDN numbers, and all other information as outlined in the Training Device Inventory. Provider assumes full responsibility for the Training devices and for the accuracy of the devices reflected in the Training Device Inventory. Provider will fully complete the Training Device Inventory and submit electronically to T-Mobile within two (2) weeks after receipt. All exceptions will be submitted to Provider for reconciliation/verification to be resolved within two (2) weeks of receipt of exceptions report. Provider will be charged for all unaccounted Training Devices. T-Mobile, in its sole discretion, reserves the right to disable any SIM for any or no reason.

4. Handsets and SIMs License. T-Mobile hereby grants to Provider a revocable, non-exclusive, non-transferable, royalty-free, limited use license to use the Handsets and SIMs solely for use in support of the Services set forth in the Services Agreement. Notwithstanding anything to the contrary contained herein or in the Services Agreement, the license grant under this Section 3 will immediately terminate upon the termination or expiration of this License Agreement.

5. Offshore Wireless Router and Internet Requirements: If applicable and upon T-Mobile’s approval, Routers may be required for the sole use of meeting training curriculum requirements in offshore locations. The Routers must be placed outside of Provider’s perimeter protection devices, such as a firewall. Internal systems must not be allowed to connect to the Router’s Wi-Fi network. Provider will not transmit through the Router device any information of a sensitive nature to include, but not limited to, all T-Mobile or third-party Confidential data, Personally Identifiable Information (PII), or other sensitive information which requires a measurable degree of protection. Provider may purchase, up to one-hundred dollars (\$100.00 USD), a Router for each training classroom or as mutually agreed upon and will submit the invoices to T-Mobile for reimbursement. Each Router must be itemized in the Training Device Inventory. At Provider’s expense, a broadband connection obtained through an ISP is required to fulfill certain training curriculum in offshore locations. Provider will set up Internet connection in such a way as to ensure security of the T-Mobile network.

6. Term and Termination. This License Agreement will commence on the License Effective Date above and will terminate on the earlier of the (i) termination of the Services Agreement, or (ii) termination by T-Mobile upon twenty-four (24) hours notice. All provisions of this License Agreement that by their terms should survive termination or expiration of this License Agreement will so survive.

7. Return and Certification. Upon expiration or termination of this License Agreement, Provider shall immediately (i) return all T-Mobile designated Training Devices to T-Mobile via overnight shipping, as preapproved by T-Mobile or T-Mobile's authorized representative, and (ii) certify to T-Mobile in writing that such Training Devices have been returned in an acceptable condition, excluding normal wear and tear.

8. Confidential Information; Personal Data. The Parties have entered into certain mutual nondisclosure and confidentiality provisions, as set forth in the Services Agreement, to protect each Party's Confidential Information and proprietary information from unauthorized disclosure by the other Party. Without limitation to the foregoing or the mutual nondisclosure and confidentiality provisions contained in the Services Agreement, Provider acknowledges and agrees that the Training Devices, including, without limitation, any and all information related to the Training Devices, will be treated as T-Mobile Confidential Information. Except as may be provided in the scripts necessary for the provision of the Services, Provider will not disclose any Confidential Information or proprietary information relating to the Handsets, SIMs, or other training equipment to any third party without the prior written consent of T-Mobile.

9. Warranty Disclaimer. EXCEPT TO THE EXTENT OTHERWISE REQUIRED BY APPLICABLE LAW, T-MOBILE MAKES NO REPRESENTATIONS, WARRANTIES OR

CONDITIONS, EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THE HANDSETS, SIMs, AND/OR OTHER TRAINING EQUIPMENT, WHETHER ALLEGED TO ARISE BY OPERATION OF LAW, BY REASON OF CUSTOM OR USAGE IN THE TRADE, BY COURSE OF DEALING OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATIONS, WARRANTIES OR CONDITIONS AS TO (I) NON-INFRINGEMENT, (II) MERCHANTABILITY, OR (III) FITNESS OR SUITABILITY FOR A PARTICULAR PURPOSE OR USE. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, T-MOBILE DOES NOT REPRESENT, WARRANT OR CONDITION THAT THE OPERATION OF THE HANDSETS, SIMs, AND/OR OTHER TRAINING EQUIPMENT WILL BE UNINTERRUPTED, BUG FREE OR ERROR FREE. **EXCEPT FOR THE WARRANTIES PROVIDED BY THE APPLICABLE MANUFACTURER(S) OF THE TRAINING DEVICES, THE TRAINING DEVICES ARE PROVIDED "AS IS."** PROVIDER ACKNOWLEDGES THAT IT RELIES ON NO REPRESENTATIONS, WARRANTIES OR CONDITIONS, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN OR IN THE SERVICES AGREEMENT. TO THE EXTENT AN IMPLIED WARRANTY CANNOT BE EXCLUDED, SUCH WARRANTY IS LIMITED IN DURATION TO THE TERM OF THIS LICENSE AGREEMENT. THIS DISCLAIMER AND EXCLUSION WILL APPLY EVEN IF THE EXPRESS WARRANTY SET FORTH IN THIS SECTION 9 FAILS OF ITS ESSENTIAL PURPOSE OR USE.

TO THE EXTENT PERMITTED BY APPLICABLE LAW, (A) IN NO EVENT WILL T-MOBILE BE LIABLE FOR COST OF COVER OR SPECIAL, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES HEREUNDER (INCLUDING WITHOUT LIMITATION ANY DAMAGES RESULTING FROM LOSS OF USE, LOSS OF DATA, LOSS OF PROFITS OR LOSS OF BUSINESS) ARISING OUT OF OR IN CONNECTION WITH THIS LICENSE AGREEMENT OR ANY HANDSETS, SIMs, OR OTHER TRAINING EQUIPMENT PROVIDED HEREUNDER, EVEN IF T-MOBILE HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND EVEN IF SUCH DAMAGES ARE REASONABLY FORESEEABLE.

10. Ownership of Deliverables. All Training Devices identified herein and all right, title and interest therein (including, but not limited to, associated copyright, trademark, patent and other intellectual property rights), are and will remain, as between the Parties, the sole and exclusive property of T-Mobile.

11. Ownership of Training Usage and Expenses. All SIMs will be assigned a rate plan designated in Provider's name which will be set up exclusively for training purposes as per the training curriculum. As defined by the training curriculum, and upon completion of each graduating training class, Provider may be permitted to invoice T-Mobile up to the allowable training usage per graduating FTE, as described in Schedule F. Provider will submit an electronic statement of Provider's rate plan invoice covering the dates of such training class, as appropriate. Summary of the rate plan below reflects usage and charges and is subject to and/or termination by T-Mobile, in its sole discretion, at any time.

Rate Plan Highlights:

Recurring Charge*	Included Buckets*	Additional Charges*
\$[*] per month		
Rate Plan SOC	[*]	[*]
SRVPARTRP		

*Subject to change by T-Mobile, in its sole discretion, at any time.

Included & Optional Features

SOC*	Cost*	Description*
SVPARTBB	[*]	BlackBerry
SVPARTG1	[*]	G1 Data Feature
SVPUTINT	[*]	Unlimited Internet
SVPARTSK	[*]	Sidekick
SVPVPN	[*]	VPN Internet
HTSPTST	[*]	HotSpot test

*Subject to change by T-Mobile, in its sole discretion, at any time.

12. Risk of Loss or Damage. Provider shall be solely responsible for all risk of loss and damage to the Training Devices, including, without limitation, for any loss, destruction, theft and/or damage, up and to the replacement value incurred by T-Mobile, including any and all shipping fees. Provider shall be liable to T-Mobile for all fees, penalties and/or other monies owed, in T-Mobile's sole discretion, as a result of any loss, destruction, theft, misappropriation, fraud, and/or damage to the Training Devices. Without limitation to the foregoing or anything contained in this License Agreement, Provider shall be solely responsible for any and all acts, omissions and/or willful misconduct of Provider's employees, subcontractors, agents and/or independent contractors.

13. Miscellaneous. This License Agreement and the Services Agreement constitute the entire agreement of the Parties with respect to the subject matter hereof and they supersede all prior or contemporaneous negotiations, documents and agreements with respect to such subject matter. No amendment, modification or waiver of this License Agreement will be valid unless set forth in a writing signed by the Parties. This License Agreement will inure to the benefit of the Parties and their successors-in-interest and permitted assigns. If any provision of this License Agreement is held by a court of competent jurisdiction to be illegal, invalid, or unenforceable, the remaining provisions shall remain in full force and effect. A Party may assign this License Agreement to any company controlling, controlled by or under common control with such Party or in connection with a merger, reorganization or sale of all or substantially all of such Party's capital stock or assets, provided that Provider must obtain T-

Mobile's prior written consent to any such assignment. This License Agreement will be governed by the laws of the state of Washington, without reference to its choice of law principles. The application of the United Nations Convention on Contracts for the International Sale of Goods is hereby excluded. Each Party hereby irrevocably submits to the personal and exclusive jurisdiction and venue of the courts located in the state of Washington in any action arising out of or in connection with this License Agreement.

**SCHEDULE F
REIMBURSABLE TRAINING USAGE AMOUNTS**

Only for those LOBs described below, amounts reflect normal usage required by training curriculum for each graduating FTE and is subject to change in T-Mobile's sole discretion.

Training Type	Start LOB	Start Skill	End LOB	End Skill	Handset Usage (per Graduating FTE)*	
New Hire	Tech Care - Tier 2	[*]	Tech Care - Tier 2	[*]	\$	[*]
Conversion	Tech Care - Tier 1	[*]	Tech Care - Tier 2 / DDC & PDA	[*]	\$	[*]

*Subject to change by T-Mobile, in its sole discretion, at any time.

CERTIFICATIONS

I, A. Laurence Jones, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of StarTek, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2009

/s/ A. LAURENCE JONES

A. Laurence Jones

President and Chief Executive Officer

CERTIFICATIONS

I, David G. Durham, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of StarTek, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2009

/s/ DAVID G. DURHAM

David G. Durham

Executive Vice President, Chief Financial Officer and Treasurer

CERTIFICATIONS

In connection with the Quarterly Report of StarTek, Inc. on Form 10-Q for the quarter ended June 30, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned individual, certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

- 1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained the Report fairly presents, in all material respects, the financial condition and result of operations of the Registrant.

Date: July 31, 2009

/s/ A. LAURENCE JONES

A. Laurence Jones
President and Chief Executive Officer

Date: July 31, 2009

/s/ DAVID G. DURHAM

David G. Durham
Executive Vice President, Chief Financial Officer and Treasurer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Corporation and will be retained by the Corporation and furnished to the Securities and Exchange Commission or its staff upon request.
