

COMCAST CORP

Form 424B2

November 29, 2012

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This preliminary prospectus supplement is not complete and may be changed. A registration statement relating to these securities has been declared effective by the Securities and Exchange Commission. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed Pursuant to Rule 424(B)(2)

Registration No. 333-179678

PRELIMINARY PROSPECTUS SUPPLEMENT

(Subject to Completion, dated November 29, 2012)

(To prospectus dated February 24, 2012)

\$ % Notes due 2061

We will pay interest on the notes quarterly on March 15, June 15, September 15 and December 15 of each year, beginning on March 15, 2013. The notes will bear interest at a rate of % per year and will mature on December 15, 2061. We may redeem the notes, in whole or in part, at any time on or after December 15, 2017 at a redemption price equal to 100% of the principal amount redeemed plus accrued and unpaid interest to the redemption date.

The notes will be unsecured and will rank equally with all of our unsecured and unsubordinated indebtedness. The notes will be fully and unconditionally guaranteed by our wholly-owned cable subsidiaries named in this prospectus supplement and in the accompanying prospectus. The notes will be issued in minimum denominations of \$25 and multiples in excess thereof.

We intend to apply to list the notes on the New York Stock Exchange under the symbol CCV . If the application is approved, we expect trading in the notes on the New York Stock Exchange to begin within 30 days after the original issue date. The notes are expected to trade flat. This means that purchasers will not pay, and sellers will not receive, any accrued and unpaid interest on the notes that is not included in the trading price.

Investing in the notes involves risks that are described in the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2011 and beginning on page S-4 of this prospectus supplement.

Price to Investors⁽¹⁾

Underwriters
Discount⁽²⁾

Proceeds to Us Before
Expenses⁽³⁾

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| Per note | | % | | % | |
|----------|----|---|----|---|----|
| Total | \$ | | \$ | | \$ |

- (1) Plus accrued interest, if any, from December , 2012, if settlement occurs after that date.
 - (2) Represents the weighted average underwriting discount for orders by retail and institutional investors. See Underwriting beginning on page S-14 of this prospectus supplement for a discussion regarding underwriting discounts.
 - (3) Assumes no exercise of the underwriters over-allotment option described below.
- Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We have granted the underwriters the right to purchase up to an additional \$ aggregate principal amount of notes solely to cover over-allotments, if any.

The notes will be ready for delivery only through The Depository Trust Company and its participants, including Euroclear SA/NV (Euroclear) and Clearstream Banking SA (Clearstream), in book-entry form on or about December , 2012.

Joint Book-Running Managers

BofA Merrill Lynch

Morgan Stanley

UBS Investment Bank

Wells Fargo Securities

The date of this prospectus supplement is November , 2012.

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We have not, and the underwriters have not, authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus supplement and the accompanying prospectus or the free writing prospectus prepared by or on behalf of us or to which we have referred you. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, any related free writing prospectus and the documents incorporated by reference herein or therein is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

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PROSPECTUS SUPPLEMENT SUMMARY

The Companies

Comcast Corporation

We are a leading provider of entertainment, information and communication products and services. On January 28, 2011, we closed the NBCUniversal transaction in which we acquired control of the businesses of NBC Universal, Inc. (now named NBCUniversal Media, LLC) (NBCUniversal), and on July 1, 2011, we closed the Universal Orlando transaction in which we acquired the remaining 50% equity interest in Universal City Development Partners, Ltd. that we did not already own.

We are one of the nation's leading providers of video, high-speed Internet and voice services to residential and business customers. As of September 30, 2012, our cable systems served 22 million video customers, 19 million high-speed Internet customers and 9.8 million voice customers and passed more than 52 million homes and businesses in 39 states and the District of Columbia. Our Cable Communications segment generates revenue primarily from subscriptions to our cable services, which we market individually and in packages, and from the sale of advertising.

NBCUniversal is a leading media and entertainment company that develops, produces and distributes entertainment, news and information, sports and other content for global audiences. Our Cable Networks segment consists primarily of our national cable networks, which provide entertainment, news and information, and sports programming, our regional sports and news networks, our international cable networks, our cable television production studio, and our related digital media properties. Our Cable Networks segment generates revenue primarily from the distribution of our cable network programming to multichannel video providers, the sale of advertising and the licensing and sale of our owned programming.

Our Broadcast Television segment consists primarily of the NBC and Telemundo broadcast networks, our NBC and Telemundo owned local television stations, our broadcast television production operations, and our related digital media properties. Our Broadcast Television segment generates revenue primarily from the sale of advertising and the licensing and sale of our owned programming.

Our Filmed Entertainment segment consists of the operations of Universal Pictures, including Focus Features, which produces, acquires, markets and distributes filmed entertainment worldwide in various media formats for theatrical, home entertainment, television and other distribution platforms. We also develop, produce and license stage plays. Our Filmed Entertainment segment generates revenue primarily from the worldwide theatrical release of our owned and acquired films, content licensing and home entertainment.

Our Theme Parks segment consists primarily of our Universal theme parks in Orlando and Hollywood. We also receive fees related to intellectual property licenses and other services from third parties that own and operate Universal Studios Japan and Universal Studios Singapore. Our Theme Parks segment generates revenue primarily from theme park attendance and per capita spending, as well as from licensing and other fees. Per capita spending includes ticket price and in-park spending on food, beverage and merchandise.

Our other business interests primarily include Comcast Spectacor, which owns the Philadelphia Flyers and the Wells Fargo Center, a large, multipurpose arena in Philadelphia. Comcast Spectacor also owns Global Spectrum, which provides facilities management services, and Ovation Food Services, which provides food services for sporting events, concerts and other events.

For a description of our business, financial condition, results of operations and other important information regarding us, see our filings with the Securities and Exchange Commission (SEC) incorporated by reference in

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the accompanying prospectus. For instructions on how to find copies of these and our other filings incorporated by reference in the accompanying prospectus, see Available Information in the accompanying prospectus.

Our principal executive office is located at One Comcast Center, Philadelphia, Pennsylvania 19103-2838. Our telephone number is (215) 286-1700. The address of our website is www.comcast.com. The information on our website is not part of this prospectus supplement or the accompanying prospectus.

Cable Guarantors

Our obligations, including the payment of principal, premium, if any, and interest on the notes will be fully and unconditionally guaranteed by each of Comcast Cable Communications, LLC, Comcast Cable Holdings, LLC, Comcast MO Group, Inc. and Comcast MO of Delaware, LLC. In this prospectus supplement, we refer to these guarantors as the cable guarantors and to these guarantees as the cable guarantees.

The cable guarantees will not contain any restrictions on the ability of any cable guarantor to:

pay dividends or distributions on, or redeem, purchase, acquire, or make a liquidation payment with respect to, any of that cable guarantor's capital stock; or

make any payment of principal, interest or premium, if any, on or repay, repurchase or redeem any debt securities of that cable guarantor.

Each cable guarantor's principal place of business is One Comcast Center, Philadelphia, Pennsylvania 19103-2838.

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The Offering

| | |
|---------------------|---|
| Issuer | Comcast Corporation. |
| Securities Offered | \$ (\$ if the underwriters exercise their over-allotment option in full) aggregate principal amount of % Notes due 2061. |
| Maturity | The notes will mature on December 15, 2061. |
| Interest | Interest on the notes will accrue at the rate of % per year, payable quarterly in cash in arrears on each March 15, June 15, September 15 and December 15, beginning on March 15, 2013. |
| Ranking | The notes will be unsecured and will rank equally with all of our unsecured and unsubordinated indebtedness. |
| Cable Guarantors | Comcast Cable Communications, LLC, Comcast Cable Holdings, LLC, Comcast MO Group, Inc. and Comcast MO of Delaware, LLC. |
| Cable Guarantees | The cable guarantors will fully and unconditionally guarantee the notes, including the payment of principal, premium, if any, and interest. The cable guarantees will rank equally with all other general unsecured and unsubordinated obligations of the cable guarantors. |
| Optional Redemption | We may redeem the notes, in whole or in part, at any time on or after December 15, 2017 at a redemption price equal to 100% of the principal amount redeemed plus accrued and unpaid interest to the redemption date. See Description of the Notes Optional Redemption in this prospectus supplement. |
| Use of Proceeds | We intend to use the proceeds from this offering, after deducting fees and expenses, for working capital and general corporate purposes. See Use of Proceeds in this prospectus supplement. |
| Book Entry | The notes will be issued in book-entry form and will be represented by global notes deposited with, or on behalf of, DTC and registered in the name of DTC or its nominees. Beneficial interests in any of the notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee or indirectly through organizations that have accounts with DTC, including Euroclear and Clearstream, and these beneficial interests may not be exchanged for certificated notes, except in limited circumstances. See Description of the Notes Book-Entry System in this prospectus supplement. |

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RISK FACTORS

Prospective investors should carefully consider all of the information set forth in this prospectus supplement, the accompanying prospectus and any documents incorporated herein by reference before deciding to invest in any of the notes. The following is not intended as, and should not be construed as, an exhaustive list of relevant risk factors. There may be other risks that a prospective investor should consider that are relevant to its own particular circumstances or generally.

Although we intend to apply to list the notes on the New York Stock Exchange, we cannot assure you that an active trading market will develop for the notes.

The notes are a new issue of securities for which there is no trading market. Although we intend to apply to list the notes on the New York Stock Exchange, we can provide no assurance regarding the future development or maintenance of a market for the notes or the ability of holders of the notes to sell their notes. If such a market were to develop on the New York Stock Exchange or otherwise, the notes could trade at prices which may be higher or lower than the initial offering price depending on many factors independent of our creditworthiness, including, among other things:

changes in our credit rating and the credit ratings of our subsidiaries;

the time remaining to the maturity of the notes;

the outstanding principal amount of the notes; and

the level, direction and volatility of market interest rates generally.

We may choose to redeem the notes prior to maturity.

We may redeem all or a portion of the notes at any time on or after December 15, 2017 at a redemption price equal to 100% of the principal amount redeemed plus accrued and unpaid interest to the redemption date. If prevailing interest rates are lower at the time of redemption, you may not be able to reinvest the redemption proceeds in a comparable security at an interest rate as high as the interest rate of the notes being redeemed. Our redemption right may also adversely affect your ability to sell your notes as December 15, 2017 approaches and after such date.

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USE OF PROCEEDS

We intend to use the proceeds from this offering, after deducting fees and expenses, for working capital and general corporate purposes.

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**RATIOS OF EARNINGS TO FIXED CHARGES AND OF EARNINGS TO
COMBINED FIXED CHARGES AND PREFERRED DIVIDENDS**

Our ratio of earnings to fixed charges and our ratio of earnings to combined fixed charges and preferred dividends were as follows for the respective periods indicated:

For the

Nine Months Ended

| September 30, 2012 | 2011 | 2010 | For the Years Ended December 31, | | |
|--|-------|-------|----------------------------------|-------|-------|
| 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| Ratio of earnings to fixed charges and ratio of earnings to combined fixed charges and preferred dividends: | | | | | |
| 4.86x | 4.04x | 3.57x | 3.01x | 2.49x | 2.73x |

We have no issued or outstanding Comcast preferred stock and, as a result, the ratio of earnings to fixed charges is the same as the ratio of earnings to combined fixed charges and preferred dividends. For purposes of calculating the ratios, earnings is the amount resulting from (1) adding (a) pretax income from continuing operations before adjustment for noncontrolling interests in consolidated subsidiaries or income or loss from equity investees, (b) fixed charges, (c) amortization of capitalized interest, (d) distributed income of equity investees and (e) our share of pretax losses of equity investees for which charges arising from guarantees are included in fixed charges and (2) subtracting (i) interest capitalized, (ii) preference security dividend requirements of consolidated subsidiaries and (iii) the noncontrolling interest in pretax income of subsidiaries that have not incurred fixed charges. Fixed charges is the sum of (w) interest expensed and capitalized, (x) amortized premiums, discounts and capitalized expenses related to indebtedness, (y) an estimate of the interest within rental expense and (z) preference security dividend requirements of our consolidated subsidiaries. Preference security dividend requirements are the amount of pretax earnings required to pay the dividends on outstanding preference securities. Interest associated with our uncertain tax positions is a component of income tax expense.

DESCRIPTION OF THE NOTES

We are initially offering \$ _____ aggregate principal amount of our _____ % Notes due 2061. The notes will be a separate series of securities issued under an indenture, dated as of January 7, 2003 and supplemented as of March 25, 2003 and August 31, 2009, among us, the cable guarantors and The Bank of New York Mellon, formerly known as The Bank of New York, as trustee. The notes will be our direct unsecured and unsubordinated obligations and will be fully and unconditionally guaranteed by Comcast Cable Communications, LLC, Comcast Cable Holdings, LLC, Comcast MO Group, Inc. and Comcast MO of Delaware, LLC, referred to as the cable guarantors, as described below. The terms of the notes include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended. The indenture provides that we will have the ability to issue securities with terms different from those of the notes. We also have the ability to reopen a series of these notes and issue additional notes of such series. Additional notes of such series will be consolidated with and form a single series with the notes then outstanding of such series. Copies of the indenture and the form of notes are available from us upon request.

The following, along with the additional information contained in the accompanying prospectus under Description of Debt Securities and Cable Guarantees, is a summary of the material provisions of the indenture, the notes and the cable guarantees. Because this is a summary, it may not contain all the information that is important to you. For further information, you should read the notes and the indenture.

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Basic Terms of the Notes

The notes:

will rank equally with all of our other unsecured and unsubordinated debt and will be entitled to the benefits of the cable guarantees described below;

will be issued in an initial aggregate principal amount of \$ (\$ if the underwriters exercise their overallotment option in full), maturing on December 15, 2061, with interest payable quarterly on each March 15, June 15, September 15 and December 15, beginning March 15, 2013, to holders of record on the preceding March 1, June 1, September 1 and December 1; and

are issuable in fully registered form, in denominations of \$25.00 and multiples in excess thereof.

Interest Payments

Interest on the notes will be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the notes will accrue from (i) the earlier of December , 2012 and the date of original issuance, or (ii) from the most recent interest payment date to which interest has been paid, and will be payable quarterly on interest payment dates described for each year.

If any interest payment date, maturity date or redemption date falls on a day that is not a business day, the payment will be made on the next business day with the same force and effect as if made on the relevant interest payment date, maturity date or redemption date.

For more information on payment and transfer procedures for the notes, see Book-Entry System below.

Cable Guarantees

Our obligations, including the payment of principal, premium, if any, and interest, will be fully and unconditionally guaranteed by each of the cable guarantors as described in the accompanying prospectus.

The cable guarantees will not contain any restrictions on the ability of any cable guarantor to (i) pay dividends or distributions on, or redeem, purchase, acquire, or make a liquidation payment with respect to, any of that cable guarantor's capital stock or (ii) make any payment of principal, interest or premium, if any, on or repay, repurchase or redeem any debt securities of that cable guarantor.

Optional Redemption

We will have the right at our option to redeem the notes in whole or in part, at any time or from time to time on or after December 15, 2017 and prior to their maturity, on at least 30 days, but not more than 60 days, prior notice mailed to the registered address of each holder, at a redemption price equal to 100% of the principal amount of such notes, plus any accrued and unpaid interest thereon to the date of redemption.

On and after the redemption date, interest will cease to accrue on the notes or any portion of the notes called for redemption (unless we default in the payment of the redemption price and accrued interest). On or before the redemption date, we will deposit with the trustee money sufficient to pay the redemption price of and (unless the redemption date shall be an interest payment date) accrued and unpaid interest to the redemption date on the notes to be redeemed on such date. If less than all of the notes of any series are to be redeemed, the notes to be redeemed shall be selected by the trustee by such method as the trustee shall deem fair and appropriate (provided that interests in notes represented by a Global Note will be selected for redemption by The Depository Trust Company in accordance with its standard procedures therefor). Additionally, we may at any time repurchase notes in the open market and may hold or surrender such notes to the trustee for cancellation.

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Trading Characteristics

We intend to apply to list the notes on the New York Stock Exchange under the symbol *CCV*. If the application is approved, we expect trading in the notes on the New York Stock Exchange to begin within 30 days after the original issue date. The notes are expected to trade *flat*. This means that purchasers will not pay, and sellers will not receive, accrued and unpaid interest on the notes that is not included in their trading price.

No Mandatory Redemption or Sinking Fund

There will be no mandatory redemption prior to maturity or sinking fund payments for the notes.

Additional Debt

The indenture does not limit the amount of debt we may issue under the indenture or otherwise.

Book-Entry System

We will initially issue the notes in the form of one or more global notes (the *Global Notes*). The *Global Notes* will be deposited with, or on behalf of, The Depository Trust Company (*DTC*) and registered in the name of *DTC* or its nominee. Except as set forth below, the *Global Notes* may be transferred, in whole and not in part, only to *DTC* or another nominee of *DTC*. A holder may hold beneficial interests in the *Global Notes* directly through *DTC* if such holder has an account with *DTC* or indirectly through organizations which have accounts with *DTC*, including Euroclear and Clearstream.

Holders may hold interests in the notes outside the United States through Euroclear or Clearstream if they are participants in those systems, or indirectly through organizations which are participants in those systems. Euroclear and Clearstream will hold interests on behalf of their participants through customers' securities accounts in Euroclear's and Clearstream's names on the books of their respective depositories which in turn will hold such positions in customers' securities accounts in the names of the nominees of the depositories on the books of *DTC*. All securities in Euroclear or Clearstream are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

DTC

DTC has advised us as follows: *DTC* is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. *DTC* was created to hold securities of institutions that have accounts with *DTC* (*participants*) and to facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. *DTC*'s participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to *DTC*'s book-entry system is also available to others such as banks, brokers, dealers and trust companies (collectively, the *indirect participants*) that clear through or maintain a custodial relationship with a participant, whether directly or indirectly.

We expect that pursuant to procedures established by *DTC*, upon the deposit of the *Global Notes* with *DTC*, *DTC* will credit on its book-entry registration and transfer system the principal amount of notes represented by such *Global Notes* to the accounts of participants. Ownership of beneficial interests in the *Global Notes* will be limited to participants or persons that may hold interests through participants. Ownership of beneficial interests in the *Global Notes* will be shown on and the transfer of those ownership interests will be effected only through records maintained by *DTC* (with respect to participants' interests), the participants and the indirect participants (with respect to the owners of beneficial interests in the *Global Note* other than participants). All interests in a *Global Note* deposited with *DTC* are subject to the procedures and requirements of *DTC*.

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The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and laws may impair the ability to transfer or pledge beneficial interests in the Global Notes.

So long as DTC (or its nominee) is the registered holder and owner of a Global Note, DTC (or such nominee) will be considered the sole legal owner and holder of the notes evidenced by such Global Note for all purposes of such notes and the indenture. Except as set forth below under *Certificated Notes*, as an owner of a beneficial interest in a Global Note, you will not be entitled to have the notes represented by such Global Note registered in your name, will not receive or be entitled to receive physical delivery of certificated notes and will not be considered to be the owner or holder of any notes under such Global Note. We understand that under existing industry practice, in the event an owner of a beneficial interest in a Global Note desires to take any action that DTC, as the holder of such Global Note, is entitled to take, DTC would authorize the participants to take such action, and the participants would authorize beneficial owners owning through such participants to take such action or would otherwise act upon the instructions of beneficial owners owning through them.

We will make payments of principal of, premium, if any, and interest on the notes represented by the Global Notes registered in the name of and held by DTC or its nominee to DTC or its nominee, as the case may be, as the registered owner and holder of the Global Notes.

We expect that DTC (or its nominee), upon receipt of any payment of principal of, premium, if any, or interest on the Global Notes will credit the accounts of their relevant participants or account holders, as applicable, with payments in amounts proportionate to their respective beneficial interests in the principal amount of the applicable Global Note as shown on the records of DTC (or its nominee). We also expect that payments by participants or indirect participants or account holders, as applicable, to owners of beneficial interests in the Global Notes held through such participants or indirect participants or account holders will be governed by standing instructions and customary practices and will be the responsibility of such participants or indirect participants or account holders, as applicable. We will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Global Notes for any notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests or for any other aspect of the relationship between DTC and its participants or indirect participants, or the relationship between such participants or indirect participants, and the owners of beneficial interests in the Global Notes owning through such participants.

All amounts payable under the notes will be payable in U.S. dollars, except as may otherwise be agreed between any applicable securities clearing system and any holders. Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of any applicable securities clearing system) applicable thereto. None of the trustee, us, the cable guarantors or any of our or their respective agents shall be liable to any holder of a Global Note or other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection therewith. Investors may be subject to foreign exchange risks that may have important economic and tax consequences to them.

Certificated Notes

Subject to certain conditions, the notes represented by the Global Notes are exchangeable for certificated notes in definitive form of like tenor in denominations of \$25.00 principal amount and multiples thereof if:

- (1) DTC provides notification that it is unwilling or unable to continue as depository for the Global Notes or DTC ceases to be a clearing agency registered under the Exchange Act and, in either case, a successor is not appointed within 90 days;
- (2) we in our discretion at any time determine not to have all the notes represented by the Global Notes; or
- (3) a default entitling the holders of the applicable notes to accelerate the maturity thereof has occurred and is continuing.

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Any note that is exchangeable as above is exchangeable for certificated notes issuable in authorized denominations and registered in such names as DTC shall direct. Subject to the foregoing, a Global Note is not exchangeable, except for a Global Note of the same aggregate denomination to be registered in the name of DTC (or its nominee).

Same-Day Payment

The indenture requires payments to be made in respect of the applicable notes represented by the Global Notes (including principal, premium and interest) by wire transfer of immediately available funds to the accounts specified by the holder thereof or, if no such account is specified, by mailing a check to such holder's registered address.

Payments (including principal, premium and interest) and transfers with respect to notes in certificated form may be executed at the office or agency maintained for such purpose within the City and State of New York (initially the office of the paying agent maintained for such purpose) or, at our option, by check mailed to the holders thereof at the respective addresses set forth in the register of holders of the applicable notes, provided that all payments (including principal, premium and interest) on notes in certificated form, for which the holders thereof have given wire transfer instructions, will be required to be made by wire transfer of immediately available funds to the accounts specified by the holders thereof. No service charge will be made for any registration of transfer, but payment of a sum sufficient to cover any tax or governmental charge payable in connection with that registration may be required.

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MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES FOR NON-U.S. HOLDERS

The following are the material U.S. federal income tax consequences of ownership and disposition of the notes. This discussion only applies to notes that meet all of the following conditions:

they are held by those initial holders who purchased such notes in this offering at the issue price, which will equal the first price to the public (not including bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of the notes is sold for money;

they are held as capital assets; and

they are beneficially owned by Non-U.S. Holders (as defined below).

This discussion does not describe all of the tax consequences that may be relevant to holders in light of their particular circumstances or to holders subject to special rules, such as:

financial institutions;

tax exempt entities;

insurance companies;

persons liable for the alternative minimum tax;

dealers in securities or foreign currencies;

U.S. expatriates;

persons holding notes as part of a hedge, straddle or other integrated transaction; or

partnerships or other entities classified as partnerships for U.S. federal income tax purposes.

If a partnership or other entity classified as a partnership for U.S. federal income tax purposes holds the notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. A partner of a partnership holding the notes is urged to consult his or her tax advisor.

This summary is based on the Internal Revenue Code of 1986, as amended to the date hereof, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury Regulations, changes to any of which subsequent to the date of this prospectus supplement may affect the tax consequences described herein, possibly with retroactive effect. This summary does not discuss any aspect of state, local, or non-U.S. taxation, or any U.S. federal tax considerations other than income taxation and does not discuss the potential application of the Medicare contribution tax under Section 1411 of the Code. Persons considering the purchase of notes are urged to consult their tax advisors with regard to the application of the U.S. federal tax laws to their particular situations as well as any tax consequences arising under the laws of any

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state, local or foreign taxing jurisdiction.

As used herein, the term "Non-U.S. Holder" means a beneficial owner of a note that is, for U.S. federal income tax purposes:

an individual who is not a U.S. citizen and who is classified as a nonresident for U.S. federal income tax purposes;

a foreign corporation; or

a foreign estate or trust.

"Non-U.S. Holder" does not include a holder who is an individual present in the United States for 183 days or more in the taxable year of disposition. Such a holder is urged to consult his or her tax advisor regarding the U.S. federal income tax consequences of the sale, exchange or other disposition of a note.

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Classification of the Notes

Based upon an analysis of the relevant facts and circumstances it is the opinion of Davis Polk & Wardwell LLP that under applicable law as of the date of this prospectus supplement, the notes will be treated as indebtedness for U.S. federal income tax purposes. Because there is no controlling authority directly on point and this opinion is not binding on the Internal Revenue Service (IRS) or any court, there can be no assurance that the IRS or a court will agree with this opinion. If the IRS were successful in challenging the classification of the notes as indebtedness, interest payments on the notes would be treated for U.S. federal income tax purposes as dividends to the extent of our current or accumulated earnings and profits. Payments to a Non-U.S. Holder that are treated as dividends would generally be subject to withholding of U.S. federal income tax, except to the extent provided by an applicable income tax treaty. Non-U.S. Holders should consult their own tax advisors regarding the tax consequences that will arise if the notes are not treated as indebtedness for U.S. federal income tax purposes. The remainder of this discussion assumes that the notes will be treated as indebtedness for U.S. federal income tax purposes.

Payments on a Note

Subject to the discussion below concerning backup withholding, payments of principal and interest on the notes by us or any paying agent to any Non-U.S. Holder will not be subject to U.S. federal withholding tax, provided that, in the case of interest not effectively connected with the conduct of a trade or business in the United States:

the holder does not own, actually or constructively, 10 percent or more of the total combined voting power of all classes of our stock entitled to vote and is not a controlled foreign corporation related, directly or indirectly, to us through stock ownership; and

the certification requirement described below has been fulfilled with respect to the beneficial owner, as discussed below.

Interest on a note described above will not be exempt from withholding tax unless the beneficial owner of that note certifies on a properly executed Internal Revenue Service Form W-8BEN, under penalties of perjury, that it is not a U.S. person.

If a Non-U.S. Holder of a note is engaged in a trade or business in the United States, and if interest on the note is effectively connected with the conduct of such trade or business, the Non-U.S. Holder will not be subject to the withholding discussed in the preceding paragraphs if a properly executed, applicable Form W-8 (generally an Internal Revenue Service Form W-8ECI) is provided to us. Such a Non-U.S. Holder will, however, generally be taxed on such interest in the same manner as a U.S. person, unless an applicable income tax treaty provides otherwise. These holders are urged to consult their tax advisors with respect to other U.S. tax consequences of the ownership and disposition of notes including the possible imposition of an additional branch profits tax at a rate of 30% (or lower treaty rate).

Sale, Exchange, Redemption or Other Disposition of a Note

Subject to the discussion below concerning backup withholding, a Non-U.S. Holder of a note will not be subject to U.S. federal income tax on gain realized on the sale, exchange, redemption or other disposition of such note, unless the gain is effectively connected with the conduct by the holder of a trade or business in the United States.

If a Non-U.S. Holder of a note is engaged in a trade or business in the United States, and if gain realized by the Non-U.S. Holder on a sale, exchange, redemption or other disposition of a note is effectively connected with the conduct of such trade or business, the Non-U.S. Holder will generally be taxed in the same manner as a U.S. person, subject to an applicable income tax treaty providing otherwise. These holders are urged to consult their

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tax advisors with respect to other U.S. tax consequences of the ownership and disposition of notes including the possible imposition of an additional branch profits tax at a rate of 30% (or lower treaty rate).

Backup Withholding and Information Reporting

Information returns will be filed with the Internal Revenue Service in connection with interest payments on the notes. Unless the Non-U.S. Holder complies with certification procedures to establish that it is not a U.S. person, information returns may be filed with the Internal Revenue Service in connection with the proceeds from a sale or other disposition (including a redemption) and the Non-U.S. Holder may be subject to U.S. backup withholding on payments on the notes or on the proceeds from a sale or other disposition of the notes. The certification procedures required to claim the exemption from withholding tax on interest described above will satisfy the certification requirements necessary to avoid backup withholding as well. The amount of any backup withholding from a payment to a Non-U.S. Holder will be allowed as a credit against the Non-U.S. Holder's U.S. federal income tax liability and may entitle the Non-U.S. Holder to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

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opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

It is expected that delivery of the notes will be made against payment therefor on or about December 10, 2012, which is the fifth business day following the date hereof (such settlement cycle being referred to as T+5). Under Rule 15c6-1 under the Securities Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the notes on the date of pricing or on the next succeeding business day will be required, by virtue of the fact that the notes initially will settle in T+5, to specify an alternative settlement cycle at the time of any such trade to prevent failed settlement and should consult their own advisors.

Over-Allotment Option

We have granted to the underwriters an option, exercisable for 10 days from the date of this prospectus supplement, to purchase up to an additional \$ 100,000,000 aggregate principal amount of notes at the public offering price less the underwriting discount. The underwriters may exercise the option solely for the purpose of covering over-allotments, if any, in connection with this offering. To the extent the option is exercised, each underwriter must purchase a number of additional notes approximately proportionate to that underwriter's initial purchase commitment. If the underwriters exercise their over-allotment option in full (and assuming that all notes sold pursuant to the over-allotment option are related to retail orders) the total price to the public would be \$ 1,000,000,000, the total underwriting discount would be \$ 100,000,000 and the total proceeds, before deducting expenses, to us would be \$ 800,000,000.

Commissions and Discounts

The underwriters have advised us that they propose initially to offer the notes to the public at the public offering price on the cover page of this prospectus supplement, and to dealers at that price less a concession not in excess of \$ 0.50 per note for retail orders and \$ 1.00 per note for institutional orders. The underwriters may allow, and the dealers may reallow, a discount not in excess of \$ 0.50 per note to other dealers. After the initial public offering, the public offering prices, concessions and discounts may be changed.

The expenses of the offering, not including the underwriting discount, are estimated to be \$ 10,000,000 and are payable by us.

The following table shows the underwriting discounts and commissions that we are to pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional notes.

| | No Exercise | Full Exercise |
|---------------------------------|------------------|------------------|
| Per note (retail orders) | \$ 0.50 | \$ 1.00 |
| Per note (institutional orders) | \$ 1.00 | \$ 1.00 |
| Total | \$ 1,000,000,000 | \$ 1,000,000,000 |

New Issue of Notes

The notes are a new issue of securities with no established trading market. We intend to apply to list the notes on the New York Stock Exchange under the symbol CCV. If the application is approved, we expect trading in the notes on the New York Stock Exchange to begin within 30 days after the original issue date. We have been advised by the underwriters that they presently intend to make a market in the notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for the notes or that

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an active public market for the notes will develop. If an active public trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected.

No Sales of Similar Securities

We have agreed that for a period of 10 days from the date of this prospectus supplement we will not, without first obtaining the consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. LLC, UBS Securities LLC and Wells Fargo Securities, LLC, directly or indirectly, sell or offer to contract or grant any option to sell, transfer or establish an open put equivalent position, or otherwise dispose of or transfer, or announce the offering of, or file any registration statement under the Securities Act of 1933 in respect of, any retail-directed, \$25 principal amount, debt securities or securities exchangeable for or convertible into such debt securities.

Price Stabilization and Short Positions

In connection with the offering, the underwriters are permitted to engage in transactions that stabilize the market price of the notes. These stabilization transactions consist of bids or purchases to peg, fix or maintain the price of the notes. Specifically, the underwriters may sell a principal amount of notes greater than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the principal amount of notes available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing notes in the open market. In determining the source of notes to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the over-allotment option. The underwriters may also sell a principal amount of notes in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing notes in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the notes in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, notes in the open market to stabilize the price of the notes. Purchases of a security to stabilize the price or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases.

Neither we nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes. In addition, neither we nor any of the underwriters makes any representation that the underwriters will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities for which they currently and may in the future receive customary fees and commissions.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investment and securities activities may involve securities and instruments of the Issuer. Certain of the underwriters or their contract closure, Mr. Griffith's commissions are 0.5% of billed monthly revenue. (i) Our executive officers are covered under a group term life and disability insurance for which the company pays a portion of the premium. The taxable benefit related to this plan received by our named executive officers is as follows: \$656 for Mr. Butler, \$403 for Mr. Granger, \$429 for Mr. Hayes, \$1,006 for Mr. Griffith and \$2,772 for Mr. Boyer.

Table of Contents**GRANTS OF PLAN-BASED AWARDS IN 2006**

The following table includes plan-based awards made to named executive officers in 2006. Other than stock option awards, there were no awards granted under our equity incentive plans during 2006. Accordingly, the table below does not contain columns reflecting stock awards or estimated future payouts under equity incentive plans.

| Name | Estimated Potential Payouts Under Non-Equity Incentive Plan Awards (b) | | | | All Other Option Awards: Number of Securities Underlying Options (#) | Exercise or Base Price of Option Awards (\$/Share) | Aggregate Grant Date Fair Value of Stock and Option Awards (\$) |
|----------------------|--|-------------------|----------------|-----------------|--|---|---|
| | Grant Date | Threshold (\$) | Target (\$) | Maximum (\$) | | | |
| Steven D. Butler | 6/12/2006 | | | | 40,000 | 13.58 | 119,600 |
| | 7/31/2006 | | | | 10,000 | 13.31 | 28,800 |
| Rodd E. Granger | | | 225,000 | 450,000 | | | |
| | 6/12/2006 | | | | 25,000 | 13.58 | 74,750 |
| Patrick M. Hayes | | | 115,150 | 230,300 | | | |
| | 6/12/2006 | | | | 25,000 | 13.58 | 74,750 |
| Steven Boyer | | | 127,500 | 255,000 | | | |
| | 8/14/2006 | | | | 20,500 | 11.09 | 43,460 |
| Michael Griffith (a) | | | 102,860 | 205,719 | | | |
| | 6/12/2006 | | | | 15,000 | 13.58 | 44,850 |

(a) Mr. Griffith is not eligible for the incentive plan awards as his incentive is commission-based. See notes to the summary compensation table for a description of Mr. Griffith's compensation structure.

(b) Non-equity incentive plan refers to our executive incentive bonus plan, which is paid based on specified individual, business unit and company-wide financial goals, as described more fully on page 10. If the company-wide financial metrics are not met, no bonus is paid on any other bonus metric. In 2006, we did not meet our company-wide financial metrics required for bonus payment, as such, no bonus was paid in 2007 related to the 2006 plan.

Table of Contents**OUTSTANDING EQUITY AWARDS AT 2006 FISCAL YEAR END**

The following table identifies the exercisable and unexercisable option awards and unvested stock awards for each of the named executive officers as of December 31, 2006. All stock options were granted ten years prior to the expiration date listed in the table.

| Name | Option Awards | | | |
|------------------|---|---|----------------------------|------------------------|
| | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Option Exercise Price (\$) | Option Expiration Date |
| Steven D. Butler | | 10,000 | 13.31 | 7/31/2016(a) |
| | | 40,000 | 13.58 | 6/12/2016(a) |
| | 45,000 | 180,000 | 11.97 | 5/13/2015(b) |
| | 75,000 | | 27.80 | 1/3/2015(c) |
| Rodd E. Granger | | 25,000 | 13.58 | 6/12/2016(a) |
| | 13,000 | 52,000 | 16.52 | 7/29/2015(d) |
| | 10,000 | | 31.65 | 9/8/2014(c) |
| Patrick M. Hayes | | 20,500 | 11.09 | 8/14/2016(a) |
| | | 25,000 | 13.58 | 6/12/2016(a) |
| | 4,000 | 16,000 | 13.50 | 8/24/2015(d) |
| | 3,900 | 15,600 | 16.52 | 7/29/2015(d) |
| Steven Boyer | 15,000 | | 29.14 | 12/15/2014(c) |
| | | 15,000 | 13.58 | 6/12/2016(a) |
| | 2,000 | 8,000 | 16.52 | 7/29/2015(d) |
| | 25,000 | | 29.14 | 12/15/2014(c) |
| Michael Griffith | | 15,000 | 13.58 | 6/12/2016(a) |
| | 2,800 | 11,200 | 16.52 | 7/29/2015(d) |
| | 10,000 | | 26.50 | 2/16/2015(c) |

(a) Options vest as to 25% of the option shares on the first anniversary of the date of grant and 2.0833% of the shares each month thereafter for 36 months.

(b) Pursuant to an Option Agreement between StarTek, Inc. and Mr. Butler which was executed upon his appointment as CEO in May 2005, as filed with the SEC as Exhibit 10.21 to Form 8-K filed with the SEC on May 17, 2005, options vest as to the following schedule:

Immediate vesting of 11,250 option shares on May 13, 2005, the date of the Agreement

3,750 option shares commencing on June 16, 2006 and on the 16th day of each month thereafter through and including February 16, 2006 (the first anniversary date)

20% (45,000) option shares on the second, third, fourth and fifth anniversary dates.

Due to the termination of Mr. Butler's employment in January 2007, he will have the right to exercise the 120,000 options that were vested as of his termination date until December 31, 2007.

(c) Prior to our adoption of FAS No. 123(R), we accelerated 143,860 employee stock options, all with exercise prices of \$21.80 or above, such that they immediately vested as of December 30, 2005. The

purpose of this action was to eliminate future compensation expense that we would otherwise have recognized upon implementation of FAS No. 123(R). Because the options prior to the acceleration had intrinsic values that were more than the intrinsic value of the options after acceleration, no compensation expense related to the acceleration was recognized in our Consolidated Statements of Income for the year ended December 31, 2005. All terms of options with an exercise price of less than \$21.80 remained unchanged.

- (d) Options vest as to 20% of the option shares on the each anniversary of the date of grant through and including the fifth anniversary of the date of grant.

Table of Contents**2006 OPTION EXERCISES AND STOCK VESTED**

None of our named executive officers exercised stock options during 2006. We did not issue any stock awards or restricted stock awards to any of our named executive officers during 2006.

NONQUALIFIED DEFERRED COMPENSATION IN 2006

Our deferred compensation plan is available to company officers, senior management and others as designated by the Compensation Committee. Participants in the plan may elect to defer a percentage of their annual base salary, commissions or of their incentive compensation. Plan contributions are subject to the following minimums and maximums:

| | Minimum annual contribution | Maximum annual contribution |
|-------------|--|--|
| Base salary | \$ 2,500 | 50% |
| Bonus | \$ 2,500 | 100% |
| Commissions | \$ 2,500 | 100% |

Contributions to the plan may be determined on an annual basis and are irrevocable during the plan year. Participants in the plan may choose from a variety of mutual fund investments and participant accounts will be credited with a rate to return indexed to the funds selected by the participant. These investment elections can be changed at any time during the year. The entire account is 100% vested to the participant.

Participant accounts will be distributed, either in a lump sum or in annual installments over five, ten or fifteen years, at the discretion of the participant, upon either termination of employment, retirement or early retirement, disability, or death of the participant. Retirement is defined under the plan as termination after age 65. In certain cases where the participant has elected in-service distributions at the time of the deferral, distributions will be paid in a lump sum without penalty provided that the schedule date of distribution is at least five years in the future. Loans are not available under the plan.

Should an event occur that triggers a change in control of StarTek, Inc., the plan provides that participant accounts are only available for benefit payments or for our creditors in the event of insolvency.

The following table provides information about those named executive officers who participated in our deferred compensation plan during 2006. Contribution amounts shown in this table are included in the named executive officers' base salary in the summary compensation table. Aggregate earnings related to the named executive officers' deferred compensation account have been included in Other Compensation in the summary compensation table.

| Name | Executive Contributions in last FY (\$) | Registrant Contributions in last FY (\$) | Aggregate Earnings in Last FY (\$) | Aggregate Withdrawals/ Distributions (\$) | Aggregate Balance at Last FYE (\$) |
|------------------|--|---|---|--|---|
| Rodd E. Granger | | | 2,081 | | 14,055 |
| Patrick M. Hayes | 2,868 | | 2,734 | | 28,777 |
| Michael Griffith | | | 481 | | 3,768 |

During 2006, Mr. Granger, Mr. Hayes and Mr. Griffith earned rates of return of 17.4%, 10.5% and 14.6%, respectively, on their deferred compensation accounts, based on their participant-directed investment allocations.

Table of Contents**EMPLOYMENT AGREEMENTS***A. Laurence Jones*

On January 5, 2007, StarTek and Mr. Jones entered into an Employment Agreement in connection with the appointment of Mr. Jones as President and Chief Executive Officer of StarTek. The Employment Agreement provides for an annual base salary of \$450,000, subject to review at least once per year by the compensation committee of StarTek's board of directors based on performance and a comparison to market conditions. Mr. Jones' base salary can only be reduced in connection with a general, pro-rata reduction in base salaries of all executive officers as a result of financial problems experienced by StarTek and his salary must be returned to the unreduced level upon conclusion of any such financial problems. Mr. Jones will be eligible for an annual incentive bonus for each fiscal year of up to 125% of his then current annual base salary, subject to achievement of performance criteria and satisfaction of terms established by the compensation committee after consultation with Mr. Jones. Mr. Jones' annual incentive bonus payout amount for 2007 will be determined based on performance against pre-determined targets for revenue and earnings per share, each of these criteria being weighted equally. Mr. Jones' bonus payout will equal 50% of his annual base salary unless the percentage of achievement for each of these criteria exceeds 80%. The Compensation Committee approved a maximum bonus payout for 2007 of 150% rather than 125%. Therefore, his bonus payout for 2007 will range from 50% to 150% of his annual base salary, as the percentage achievement of each target ranges from 80% to 125%. For example, achievement of 100% of each target would result in Mr. Jones' bonus payout being equal to 100% of his annual base salary.

The Employment Agreement also provides for the grant of an option to purchase 400,000 shares of StarTek common stock, and the grant of 30,000 shares of restricted stock. The options were granted on January 24, 2007, with an exercise price of \$9.60 (equal to the closing price of StarTek common stock on that date). The option vests as to 20% of the shares on January 5, 2008, and as to 1.667% of the option shares on the 5th day of each month thereafter. The option expires ten years after the date of grant; however, if Mr. Jones' employment with StarTek terminates earlier, all unvested options will be forfeited and he will have three months to exercise any vested options in the event of termination of his employment by StarTek for cause, eighteen months to exercise any vested options in the event of termination of his employment by StarTek without cause or termination by Mr. Jones for good reason and six months to exercise any vested options in the event of any other termination of his employment. The restrictions on the shares of restricted stock lapse as to 10,000 shares on January 5, 2008, and as to 20,000 shares on January 5, 2011; provided that the restrictions on the 20,000 share tranche may lapse earlier as to 10,000 of such shares upon certification by the compensation committee that Mr. Jones achieved at least 80% performance of the specified performance criteria for the 2008 fiscal year and as to 10,000 of such shares upon certification by the compensation committee that Mr. Jones achieved at least 80% performance of the specified performance criteria for the 2009 fiscal year. Mr. Jones will also receive a car allowance of \$1,200 per month. Mr. Jones' employment with StarTek can be terminated at any time for any reason by StarTek or Mr. Jones. However, if Mr. Jones' employment is terminated without cause, or if Mr. Jones resigns with good reason, he will be entitled to receive a lump sum payment equal to 150% of his then current annual base salary plus a bonus equal to 150% of his then current annual base salary and he will receive continued health care benefits for 18 months. StarTek is only required to make such payments if Mr. Jones is in material compliance with the Employment Agreement, he resigns from all positions with StarTek, he completes any transition duties and he signs a release of claims in favor of StarTek. Cause and good reason are defined in the Employment Agreement. Among other things, StarTek can terminate Mr. Jones for cause if he fails to own, on or after January 5, 2009, at least 30,000 shares of StarTek common stock or shares of StarTek common stock having a market value of at least \$300,000.

The Employment Agreement also provides for non-disclosure by Mr. Jones of StarTek's confidential or proprietary information, and includes covenants by Mr. Jones not to compete with StarTek or hire or solicit its employees, suppliers and customers, in each case for a restricted period equal to 18 months if Mr. Jones is entitled to the severance payments described above or 12 months for any other termination of employment. Mr. Jones also assigned to the company any rights he may have to intellectual property conceived in the scope of his employment.

Steven D. Butler

On January 17, 2007, StarTek entered into a Separation Agreement with Steven D. Butler pursuant to his previously

announced termination of employment on January 5, 2007. His employment with StarTek ended effective January 17, 2007 (the Termination Date). Under the terms of the Separation Agreement, Mr. Butler was paid a lump sum payment of salary (less applicable withholding) and vacation pay as if he had been employed through April 4, 2007, and will be entitled to receive \$472,500 in severance pay, payable in equal monthly installments commencing on StarTek's first regular payday that is no less than six months after the Termination Date and continuing according to StarTek's regular payroll schedule through April 8, 2008. Mr. Butler will also be reimbursed for certain insurance premiums that he will pay in April 2007 for coverage through April 2008.

The Separation Agreement also stipulates that options granted to Mr. Butler during his tenure with StarTek will vest in accordance with the terms and provisions of each option agreement that existed on the Termination Date as if Mr. Butler's employment with StarTek had terminated on April 4, 2007, and all of such vested options will be exercisable through December 31, 2007. As of the Termination Date, options to purchase an aggregate 120,000 shares had vested.

Table of Contents*Patrick M. Hayes*

On June 12, 2006, StarTek, Inc. and Patrick M. Hayes entered into an offer letter in connection with the appointment of Mr. Hayes as Executive Vice President and Chief Operating Officer of StarTek, Inc. The letter provided for an annual salary of \$255,000 per year, subject to future increases based upon performance and goal achievements. Mr. Hayes is eligible to participate in the StarTek Leadership Incentive Plan, wherein he may receive a bonus of up to 50% of his actual base earnings, based completely on the level of achievement toward corporate-wide financial targets. If Mr. Hayes' employment at StarTek, Inc. terminates for any reason other than cause, he will receive 12 months of severance. For purposes of the agreement, cause requires a reasonable good faith determination by StarTek, Inc. and is defined as (1) an act or acts constituting a felony; (2) an act or acts constituting dishonesty or disloyalty with respect to StarTek; (3) an act or acts constituting fraud; and/or (4) an act or acts that materially adversely affect StarTek's business or reputation.

Michael Griffith

On September 8, 2004, StarTek, Inc. and Michael Griffith entered into an offer letter in connection with the appointment of Mr. Griffith as Vice President of Sales. The letter provided for an annual salary of \$165,000 plus commissions, based on the commission sales plan, which is more thoroughly described in footnote f to summary compensation table.

Mary Beth Loesch

On January 23, 2007, StarTek, Inc. and Mary Beth Loesch entered into an offer letter in connection with the appointment of Ms. Loesch as Senior Vice President of Business Development. The letter provided for an annual salary of \$215,000 per year, subject to future increases based upon performance and goal achievements. Ms. Loesch is eligible to participate in the StarTek Leadership Incentive Plan, wherein she may receive a bonus of up to 40% of her actual base earnings. If Ms. Loesch's employment at StarTek, Inc. terminates for any reason other than cause, she will receive 9 months of severance and 9 months of bonus. For purposes of the agreement, cause requires a reasonable good faith determination by StarTek, Inc. and is defined as (1) an act or acts constituting a felony; (2) an act or acts constituting dishonesty or disloyalty with respect to StarTek; (3) an act or acts constituting fraud; and/or (4) an act or acts that materially adversely affect StarTek's business or reputation. Ms. Loesch will also be awarded options to purchase 100,000 shares of StarTek's common stock, of which options to purchase 50,000 shares were granted in February 2007. Award of the balance of the options is subject to a shareholder vote to increase the number of available shares pursuant to proposal 3 in this definitive proxy statement as well as Compensation Committee approval of the award. When and if proposal 3 in this definitive proxy statement is approved, it is anticipated that these remaining 50,000 stock options will be approved for grant to Ms. Loesch and will have an exercise price equal to the fair market value of StarTek's common stock as of the close of trading on the date of issuance. The vesting of these shares will be 25% after one year and ratable monthly vesting thereafter. These options will vest 100% upon a change of control.

Susan L. Morse

On January 23, 2007, StarTek, Inc. and Susan L. Morse entered into an offer letter in connection with the appointment of Ms. Morse as Senior Vice President of Human Resources. The letter provided for an annual salary of \$220,000 per year, subject to future increases based upon performance and goal achievements. Ms. Morse is eligible to participate in the StarTek Leadership Incentive Plan, wherein she may receive a bonus of up to 40% of her actual base earnings. If Ms. Morse's employment at StarTek, Inc. terminates for any reason other than cause, she will receive 9 months of severance and 9 months of bonus. For purposes of the agreement, cause requires a reasonable good faith determination by StarTek, Inc. and is defined as (1) an act or acts constituting a felony; (2) an act or acts constituting dishonesty or disloyalty with respect to StarTek; (3) an act or acts constituting fraud; and/or (4) an act or acts that materially adversely affect StarTek's business or reputation. Ms. Morse will also be awarded options to purchase 100,000 shares of StarTek's common stock, of which options to purchase 50,000 shares were granted in February 2007. Award of the balance of the options is subject to a shareholder vote to increase the number of available shares pursuant to proposal 3 in this definitive proxy statement as well as Compensation Committee approval of the award. When and if proposal 3 in this definitive proxy statement is approved, it is anticipated that these remaining 50,000 stock options will be approved for grant to Ms. Morse and will have an exercise price equal to the fair market value of StarTek's common

stock as of the close of trading on the date of issuance. The vesting of these shares will be 25% after one year and ratable monthly vesting thereafter. These options will vest 100% upon a change of control.

D. Michael Clayton

On February 14, 2007, StarTek, Inc. and D. Michael Clayton entered into an offer letter in connection with the appointment of Mr. Clayton as Senior Vice President, Secretary and General Counsel. The letter provided for an annual salary of \$175,000 per year, subject to future increases based upon performance and goal achievements. Mr. Clayton is eligible to participate in the StarTek Leadership Incentive Plan, wherein he may receive a bonus of up to 40% of his actual base earnings. Mr. Clayton will also be awarded options to purchase 100,000 shares of StarTek's common stock, of which options to purchase 32,500 shares were granted in February 2007. Award of the balance of the options is subject to a shareholder vote to increase the number of available shares pursuant to proposal 3 in this definitive proxy statement as well as Compensation Committee approval of the award. When and if proposal 3 in this definitive proxy statement is approved, it is anticipated that these remaining 32,500 stock options will be approved for grant to Mr. Clayton and will have an exercise price equal to the fair market value of StarTek's common stock as of the close of trading on the date of issuance. The vesting of these shares will be 25% after one year and ratable monthly vesting thereafter. These options will vest 100% upon a change of control.

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On March 19, 2007, StarTek USA, Inc. (StarTek) and Steven R. Boyer, formerly Senior Vice President and Chief Information Officer of StarTek, executed a Confidential Severance Agreement and General Release, effective as of March 19, 2007, related to Mr. Boyer's termination of employment on February 28, 2007. Under the agreement, StarTek agreed to pay to Mr. Boyer a lump sum of \$128,574 in severance pay and to pay \$2,759 on Mr. Boyer's behalf to StarTek's third party medical insurance administrator. This amount represents six months of the company contribution towards Mr. Boyer's medical insurance plus administrative fees. Mr. Boyer has 90 days from his Separation Date, defined as March 15, 2007 under the agreement, to exercise stock options that had vested prior to the Separation Date. Mr. Boyer agreed not to hire any StarTek employees or contractors nor solicit StarTek customers or suppliers during the 6 months following the Separation Date.

A. Emmet Stephenson, Jr.

In 2006, we entered into a verbal agreement with A. Emmet Stephenson, Jr. under which Mr. Stephenson is an employee of our Domain.com subsidiary. Mr. Stephenson is paid \$50,000 per year for managing our Domain.com subsidiary.

Potential Payments Upon Termination or Change in Control

A summary of the potential payments that each of our named executive officers would have received upon termination for other than cause (as described in each respective named executive officers' employment agreement summary, above) and upon a change in control follows:

| | Termination for other than cause | | | Termination related to a change in control | | |
|----------------------|----------------------------------|------------|------------------|--|------------|------------------|
| | Severance (\$) | Bonus (\$) | Perquisites (\$) | Severance (\$) | Bonus (\$) | Perquisites (\$) |
| Steven D. Butler (c) | 450,000 | 225,000 | 46,446(a) | 900,000 | 225,000 | 92,893(b) |
| Patrick M. Hayes | 255,000 | | | | | |

(a) Mr. Butler's original employment agreement provided for 12 months salary plus a pro-rated bonus and continuation of his health care coverage for 12 months, if he so elects, in the event his employment is terminated by StarTek for reasons other than for cause or if Mr. Butler resigns with good reason. The bonus amount provided in this table assumes that Mr. Butler was terminated on December 31, 2006, and that target thresholds for bonus payments had been met. Perquisite amount reflects \$46,446 in estimated reimbursed insurance premiums for one year following Mr. Butler's termination. Mr. Butler's employment agreement also provided that unvested stock options that were to have vested prior to February 16, 2007, would immediately vest upon the date of termination. However, no amount is reflected in perquisites above because no options would have vested between December 31, 2006 and February 16, 2007.

(b) A change in control includes a) any event of dissolution or liquidation of the company; b) any reorganization, merger or consolidation of the company, with one or more corporations where we are the surviving corporation and our stockholders immediately prior to the transaction do not own at least 50% of the issued and outstanding common stock immediately after such transaction; c) any reorganization, merger or consolidation with one or more corporations where we are not the surviving corporation; d) a sale of substantially all of our assets to another corporation or entity; or e) upon the sale of common stock to another person or entity in one or a series of transactions with the result that such person or entity owns more than 50% of the issued and outstanding common stock immediately after such sale(s). Mr. Butler's original employment agreement provided for 24 months salary plus a pro-rated bonus and continuation of his health care coverage for 24 months, if he so elects, in the event he is terminated in connection with a change in control, or within 12 months following a change in control. Bonus amount provided in this table assumes that Mr. Butler was terminated on December 31, 2006, and that target thresholds for bonus payments had been met. Perquisite amount reflects \$92,893 in estimated reimbursed insurance premiums for one year following Mr. Butler's termination. Mr. Butler's employment agreement also provided that unvested stock options that were to have vested prior to February 16, 2007, would immediately vest upon the date of termination. However, no amount is reflected in perquisites above because no options would

have vested between December 31, 2006 and February 16, 2007.

- (c) Mr. Butler's employment as our President and Chief Executive Officer terminated and he resigned as a director in January 2007. In conjunction with his departure, Mr. Butler negotiated a severance agreement that differed from the amounts shown here, which are consistent with his original employment agreement. For a more detailed description of Mr. Butler's severance agreement, please refer to page 17.

Mr. Granger's offer letter agreement provided for 12 months of severance pay in the event he terminated for any reason other than cause. Mr. Granger resigned from all of his duties at our company effective December 29, 2006, and did not receive any severance payments. Mr. Boyer and Mr. Griffith do not have severance agreements with the company.

Table of Contents**COMPENSATION OF DIRECTORS**

| Name | Fees | Stock | Option | Non-Equity | Change in | All other | Total |
|-------------------|------------------------------|--------|-----------|-----------------------------------|--|-----------|-----------|
| | Earned or Paid in Cash | Awards | Awards | Incentive Plan Compensation | Pension Value and Nonqualified Deferred Compensation | | |
| | (\$) | (\$) | (a) (\$) | (\$) | Earnings (\$) | (\$) | (\$) |
| Ed Zschau | \$ 51,750 | \$ | \$ 14,528 | \$ | \$ | \$ 255 | \$ 66,533 |
| A. Laurence Jones | \$ 22,750 | \$ | \$ 10,388 | \$ | \$ | \$ 255 | \$ 33,393 |
| P. Kay Norton | \$ 44,250 | \$ | \$ 14,528 | \$ | \$ | \$ 255 | \$ 59,033 |
| Albert C. Yates | \$ 44,250 | \$ | \$ 14,528 | \$ | \$ | \$ 280 | \$ 59,058 |

(a) The amounts shown in this column reflect the total estimated compensation expense for financial reporting purposes under FAS 123(R), excluding forfeitures for service-based vesting, related to options granted to each director during 2006. Because options granted under the Directors Option Plan vest immediately upon grant, this also represents the grant date fair value of options granted during 2006. This does not reflect amounts paid to or realized by the directors. The amounts include the cost not only of option awards made in 2006 but also certain awards made in prior years for which we incurred cost in 2006. The assumptions used when calculating this cost are set forth in Note 11 Stock Options, to our Consolidated Financial Statements, included in Item 15, Exhibits and Financial Statement Schedules of our Annual Report on Form 10-K.

Our non-employee directors receive a quarterly cash retainer of \$7,500, plus \$1,000 for each regularly scheduled Board meeting attended and \$750 for each special Board meeting attended. Members of the committees of our board of directors also receive an additional \$750 for each committee meeting attended, unless such meetings occur on the same day as regularly scheduled Board meetings. The chairman of the board receives an additional \$15,000 for his or her services as chairman during the year.

Each non-employee director is also automatically granted options to acquire 3,000 shares of our common stock at an exercise price equal to market value of the common stock on the date of initial election to the board of directors and at each annual meeting at which such director is re-elected. Such options are immediately vested and exercisable. We seek to amend the Directors Option Plan such that 6,000 options will be granted to each non-employee director upon initial election to the board of directors and at each annual meeting at which such director is re-elected. The Directors Option Plan is administered by our board of directors.

As of December 31, 2006, 58,000 vested stock options had been issued to our current directors, as follows:

| Director | Aggregate number of vested stock options |
|-------------------|---|
| Ed Zschau | 37,000 |
| A. Laurence Jones | 3,000 |
| P. Kay Norton | 9,000 |
| Albert C. Yates | 9,000 |

Table of Contents**CERTAIN TRANSACTIONS***Review, Approval and Ratification of Related Party Transactions*

Pursuant to the Audit Committee charter, the Audit Committee of the board of directors reviews periodically, but at least annually, a summary of our transactions with Directors and executive officers of the company and with firms that employ directors, as well as any other material related party transactions, for the purpose of recommending to the disinterested members of the board of directors that the transactions are fair, reasonable and within company policy and should be ratified and approved. This list of transactions is compiled via questionnaires that are distributed annually and upon initial employment and/or election to the board to all directors and officers of the company.

Registration Rights Agreement

We have entered into a registration rights agreement with Mr. Stephenson, a greater than 10% stockholder and former director, Toni E. Stephenson, Mr. Stephenson's wife, and certain other members of Mr. Stephenson's family. The agreement was effective on June 9, 2004, and terminates on the earlier of (i) June 9, 2009, and (ii) when the number of shares registrable for resale under the agreement constitutes less than 10% of our common stock outstanding.

Mr. Stephenson owned 3,315,882 shares, or 22.5%, of our common stock outstanding as of March 1, 2007. Under the registration rights agreement, the holders of one-third or more of the registrable shares as defined in the registration rights agreement may demand that we file a registration statement under the Securities Act covering some or all of their registrable shares. We are obligated to file no more than two such demand registration statements (unless the number of shares requested to be included in a demand registration has been reduced by more than 15% by an underwriter). The filing of a demand registration statement may be subject to further delay upon the occurrence of other specified events. In addition to these demand registration rights, if we propose to register any of our equity securities under the Securities Act, other than pursuant to registration statements on Forms S-4 or S-8, the holders of registrable securities may require that we include all or a portion of their registrable securities in the registration statement and in any related underwriting. In an underwritten offering, the managing underwriter, if any, has the right, subject to specified conditions, to limit the number of registrable securities included in the offering. Registration of shares of our common stock pursuant to the rights granted to the holders of registrable securities pursuant to the registration rights agreement, and subsequent sale of such shares under the registration statement, will result in such shares becoming freely tradable without restriction under the Securities Act. In connection with demand registrations, we will bear the expenses related to such registrations to the extent we would be required to incur such expenses within 12 months or obtain substantial benefit from complying with the demand. We will bear the expenses related to registrations we file in which the selling stockholders include registrable securities, except that the selling stockholders will bear their pro-rata portion of the underwriting discounts and commissions applicable to any such registration. The selling stockholders will bear all other fees, costs and expenses of registrations under the registration rights agreement, including underwriting discounts and commissions.

The agreement also provides that, upon the occurrence of a change of control of us by merger, share exchange, stock sale or tender offer, or in the event members of the Stephenson family sell in the aggregate 15% or more of our outstanding common stock in any two year period (subject to certain conditions) no member of the Stephenson family will accept a premium for their shares in such transactions without providing an opportunity to all our other stockholders to sell their shares (or at least the same proportionate interest as the Stephenson family proposes to sell) at the same price; provided that the Stephenson family will be free to sell shares at any time in sales registered under the Securities Act, so long as the applicable members of the Stephenson family are named as selling stockholders in the related prospectus, or in Rule 144 transactions, without restriction under this provision.

Investor Rights Agreement

We have entered into an investor rights agreement with Mr. Stephenson that took effect upon June 9, 2004, and terminates if Mr. Stephenson ceases to beneficially own at least 10% of our common stock. The agreement provides that subject to the board of director's fiduciary duties under applicable law, we will nominate for election to our board of directors designees named by Mr. Stephenson representing (i) a number of directors equal to one less than a majority of the Board if there are an odd number of directors, or two less than a majority if there are an even number of directors, so long as Mr. Stephenson, together with members of his family, beneficially owns 30% or more of our outstanding common stock, or (ii) one director, so long as Mr. Stephenson, together with members of his family,

beneficially owns between 10% and 30% of our outstanding common stock. Accordingly, Mr. Stephenson currently has the right to elect one director; however none of the nominees named in Proposal 1 were elected by Mr. Stephenson. Mr. Stephenson's nominees under these provisions need not be independent or meet other specific criteria, so long as a majority of the members of our board are independent under the rules of the SEC and the New York Stock Exchange. The agreement also required that we amend Article II, Section 6 of our Bylaws to provide that a holder of 10% or more of our outstanding common stock is entitled to call a special stockholders meeting. The investor rights agreement provides that so long as Mr. Stephenson, together with members of his family, beneficially owns 10% or more of our outstanding common stock, Article II, Section 6 of the Bylaws, as amended, may not be further amended by our board of directors without Mr. Stephenson's consent.

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The rights provided to Mr. Stephenson in the investor rights agreement may not be transferred to any third party other than to Mrs. Stephenson, upon the death or incompetence of Mr. Stephenson and to her estate, upon the subsequent death or incompetence of Mrs. Stephenson. Mr. Stephenson does not have the right to vote shares of stock held by other members of the Stephenson family.

PROPOSAL 2.

RATIFICATION OF APPOINTMENT OF AUDITORS

The Board of Directors has appointed Ernst & Young LLP, independent registered public accounting firm, to act as our independent auditors for the year ending December 31, 2007. Ernst & Young LLP has been our auditor since the year ended June 30, 1991, and has advised us that it does not have any direct or indirect financial interest in us or any of our subsidiaries, and has not had any such interest during the past five years. We expect that a representative of Ernst & Young LLP will be present at the Annual Meeting, will have an opportunity to make a statement if he or she desires to do so, and will be available to respond to appropriate questions.

The aggregate fees for professional services rendered to us by Ernst & Young LLP for the years ended December 31, 2006 and 2005 were as follows:

Audit Fees. During the years ended December 31, 2006, and 2005, we paid \$378,567 and \$442,180, respectively, to Ernst & Young LLP for audit services. These amounts include fees associated with the annual audit of the consolidated financial statements of StarTek, Inc. and its internal control over financial reporting (which includes procedures related to the implementation of the internal control provisions set forth in Section 404 of the Sarbanes-Oxley Act of 2002). Fees for audit services also include fees for the reviews of StarTek's Quarterly Reports on Form 10-Q, registration statements filed with the SEC, other SEC filings and consents.

Audit-Related Fees. During the years ended December 31, 2006, and 2005, we paid \$15,000 and \$10,000, respectively, for audit-related services. Audit-related services primarily included attest services related to reports to regulatory agencies and local municipalities.

Tax Fees. During the years ended December 31, 2006, and 2005 we paid \$12,966 and \$20,556, respectively, to Ernst & Young LLP for tax services. Tax services included fees for tax compliance and consulting services related to our annual federal and state tax returns.

All Other Fees. During the years ended December 31, 2006 and 2005, there were no other fees billed or incurred. In accordance with our Audit Committee Charter, the Audit Committee approves in advance any and all services provided by our independent registered public accounting firm, including audit engagement fees and terms, and non-audit services provided to us by our independent auditors (subject to the de minimis exception for non-audit services contained in Section 10A(i)(1)(B) of the Exchange Act, as amended), all as required by applicable law or listing standards. The independent auditors and our management are required to periodically report to the Audit Committee the extent of services provided by the independent auditors and the fees associated with these services.

AUDITOR INDEPENDENCE

The Audit Committee has determined that the non-audit services provided by Ernst & Young LLP were compatible with maintaining the firm's independence.

The Audit Committee and the Board of Directors unanimously recommend that the Company's stockholders vote FOR ratification and approval of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2007.

AUDIT COMMITTEE REPORT

The Audit Committee oversees our financial reporting process on behalf of the board of directors. Management has the primary responsibility for the consolidated financial statements and the reporting process, including the systems of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed the audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2006, with management including a discussion of the application of generally accepted accounting principles, the reasonableness of significant estimates and judgments, and the clarity and completeness of disclosures in the financial statements. The Audit Committee reviewed with our independent registered public accounting firm, who are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, their judgments as to the application of generally accepted accounting principles and such other matters as

are required to be discussed with the Audit Committee under Statement on Auditing Standards No. 61, SEC rules, and other professional standards. The Audit Committee has received from the independent registered public accounting firm written disclosures required by Independence Standards Board Standard No. 1, and has discussed with our independent registered public accounting firm their independence. In addition, the Audit Committee has considered the effect all other fees paid to the independent registered public accounting firm may have on their independence.

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The Audit Committee discussed with our independent registered public accounting firm the overall scope and plans for their respective audits. The Audit Committee meets with the independent registered public accounting firm, with and without management present, to discuss the results of their examinations, their evaluations of our internal controls, and the overall quality of our financial reporting. The Audit Committee held 6 meetings during 2006 and took one action by unanimous written consent in lieu of a meeting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the board of directors (and the Board has approved) that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2006, for filing with the SEC.

By the Audit Committee:

Ed Zschau, Chairman

Albert C. Yates

Kay Norton

PROPOSAL 3.

AMENDMENT TO THE STOCK OPTION PLAN TO INCREASE THE MAXIMUM NUMBER OF SHARES AVAILABLE

FOR AWARD UNDER THE PLAN FROM 2,100,000 TO 2,588,000.

Our Stock Option Plan, as amended, currently provides that 2,100,000 shares of authorized, but unissued shares of common stock may be issued pursuant to stock options granted thereunder. The plan provides that, in the event of stock splits, stock dividends, or certain other capital changes, there will be an appropriate adjustment in the price of the shares subject to outstanding options and in the number of shares previously covered by options or subject to allotment in the future. As of December 31, 2006, options to purchase 1,685,420 (net of 1,337,130 forfeited) shares of common stock with an average exercise price of \$20.18 per share had been granted, options to purchase 847,220 shares of common stock with an average exercise price of \$16.45 had been exercised, options to purchase 838,200 shares of common stock with an average exercise price of \$17.89 per share remained outstanding, and options to purchase 414,580 shares remained available to be granted. On that date, the outstanding options were held by 247 persons. On March 19, 2007, the market value per share of common stock was \$9.95 per share based on the closing price on the New York Stock Exchange.

The Compensation Committee determines those consultants, independent contractors, key employees, officers, or employee directors to be designated as participants to receive stock options under the plan. The plan provides for grants of non-qualified options (NSOs) and Stock Appreciation Rights (SARs) to eligible participants from time to time. SARs may only be granted in conjunction with NSOs. Options granted may be exercised for cash, or via cashless exercise, in which the grantee surrenders options or SARs covering a sufficient number of shares to pay the exercise price for options being exercised by the grantee. Options may also be exercised by the grantee's delivery of instructions to a broker to pay us the exercise price of the options being exercised. Options and SARs vest equally over a period of five years, unless otherwise provided by the Compensation Committee.

Although the plan no longer provides for the grant of Incentive Stock Options (defined in Section 422 of the Internal Revenue Code and referred to as ISOs), ISOs granted previously under the plan are still outstanding. ISOs, which could be granted only to employees, are tax-advantaged to the grantee in that no income is recognized by the grantee at the time of grant or exercise of an ISO. Moreover, any ISO gain, represented by the difference between the fair market value of the common stock at the time the stock is sold and the exercise price paid by the grantee, will be taxed as long-term capital gain. The amount by which the fair market value of the common stock is issued upon exercise of an ISO exceeds the exercise price paid by the grantee will constitute an item of adjustment that must be taken into account in determining the grantee's alternative minimum tax. In addition, the grantee must hold the shares acquired upon exercise of an ISO until the later of two years from the grant of the option and one year from the date of exercise in order to take advantage of ISO treatment. In the event the grantee of ISOs terminates his or her employment with us, the ISOs expire three months after such termination. If the grantee disposes of the common stock acquired upon exercise of an ISO prior to the expiration of the two-year or one-year periods described above, the grantee will generally be obligated to recognize ordinary income in an amount equal to the excess of the fair market value on the date of exercise over the exercise price of the option. The exercise price of ISOs must be greater than or equal to the

market price of our common stock on the date of grant (or 110% of the market price in the case of grantees holding 10% or more of our common stock), and can have an expiration date no later than 10 years following the date of grant (five years in the case of grantees holding 10% or more of our common stock).

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NSOs may be granted to any eligible participants in the plan. With an NSO, the grantee recognized ordinary income when the option is exercised in an amount equal to the excess of the fair market value of the underlying common stock at the time of exercise over the exercise price of the option. Although the holding periods, exercise price requirements and termination provisions described above relating to ISO s do not apply to NSOs, the Compensation Committee may impose terms or conditions (including pricing, vesting, and termination provisions) on NSOs as it determines in its sole discretion.

We recognize a deduction in the tax year in which the grantee of an ISO or NSO recognizes income, equal to the amount of capital gains or ordinary income so recognized by the grantee. A grant of an SAR does not produce taxable income to the grantee or a tax deduction for us. The exercise of an SAR for cash is taxable as ordinary income to the grantee and deductible from taxable income by us.

The board of directors and the compensation committee have approved an amendment to the plan, and this amendment is subject to shareholder approval. A copy of the plan as proposed to be amended is attached hereto as Exhibit A. The amendment will provide for an increase in the number of shares of common stock available for issuance pursuant to the plan by 488,000 shares, subject to future adjustment as provided in the plan, resulting in maximum shares issuable under the plan of 2,588,000. We believe this increase to be advisable so we can continue to reward our officers and directors, or employees and consultants having substantial responsibilities, with the opportunity to acquire a proprietary interest in us as an additional incentive to promote our success. We also believe options grants may be necessary to recruit qualified management personnel as we continue to grow. In order to achieve these objectives, our board of directors has approved the amendment and recommends that it be submitted to our stockholders for approval.

As of March 19, 2007, approximately 7,620 employees were eligible for awards under the plan. The compensation committee determines from time to time the type and level of employees to whom options will be granted. We have not historically granted options to consultants.

Pursuant to their employment agreements, it is anticipated that Mary Beth Loesch, Susan L. Morse and D. Michael Clayton will receive options under the plan, pursuant to affirmative shareholder vote on this proposal, as follows:

| Name and Position | Number of Stock Options to be granted |
|--|--|
| Mary Beth Loesch, Senior Vice President of Business Development | 50,000 |
| Susan L. Morse, Senior Vice President of Human Resources | 50,000 |
| D. Michael Clayton, Senior Vice President, Secretary and General Counsel | 32,500 |

When and if this proposal is approved, these shares will be subject to compensation committee approval and, if approved, these shares will be granted with an exercise price equal to the fair market value of StarTek s common stock as of the close of trading on the date of issuance. Option awards for other plan participants have not yet been defined and will be at the discretion of the Compensation Committee.

Under the rules of the New York Stock Exchanges and paragraph 15 of the plan, adoption of the amendment requires the affirmative vote of the holders of a majority of the outstanding shares of common stock represented in person or by proxy at the Annual Meeting of Stockholders.

The board unanimously recommends that the stockholders vote **FOR** the adoption of the proposed amendment to the Stock Option Plan.

Table of Contents**EQUITY COMPENSATION PLANS**

The following table summarizes information as of December 31, 2006, about our stock option plans for employees and non-employee directors. We do not offer any other equity compensation plans. The information presented in this table does not give effect to the proposed increase in shares available under the StarTek, Inc. Stock Option Plan or the Director Stock Option Plan.

| Plan Category | (a) Number of Securities to be Issued Upon Exercise of Outstanding Options | (b) Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights | (c) Number of Securities Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) |
|--|---|---|--|
| Equity compensation plans approved by stockholders | 940,200 | \$ 18.58 | 432,580 |
| Equity compensation plans not approved by stockholders | | | |
| Total | 940,200 | \$ 18.58 | 432,580 |

PROPOSAL 4.

**AMENDMENT TO THE DIRECTORS STOCK OPTION PLAN TO INCREASE THE MAXIMUM
NUMBER OF SHARES
AVAILABLE FOR AWARD UNDER THE PLAN FROM 140,000 TO 152,000 AND TO INCREASE THE
NUMBER OF
SHARES FOR WHICH OPTIONS ARE GRANTED TO A PARTICIPANT UPON INITIAL ELECTION TO
THE BOARD**

OF DIRECTORS AND UPON RE-ELECTION TO THE BOARD OF DIRECTORS FROM 3,000 TO 6,000.

Our Directors Stock Option Plan currently provides that 140,000 shares of authorized, but unissued common stock may be issued pursuant to stock options granted thereunder. The plan provides that, in the event of stock splits, stock dividends, or certain other capital changes, there will be an appropriate adjustment in the price of the shares subject to outstanding options and in the number of shares previously covered by options or subject to allotment in the future. As of December 31, 2006, options to purchase 122,000 shares of common stock with an average exercise price of \$23.91 per share had been granted, options to purchase 20,000 shares of common stock with an average exercise price of \$22.23 had been exercised, no options had been canceled, options to purchase 102,000 shares of common stock with an average exercise price of \$24.23 per share remained outstanding, and options to purchase 18,000 shares remained available to be granted. On that date, the outstanding options were held by 8 persons. On March 19, 2007, the market value per share of the common stock was \$9.95 per share based on the closing price on the New York Stock Exchange.

The plan currently provides for a grant of an option to purchase 3,000 shares of common stock to each non-employee director at the time such director is first elected to our board and each time he or she is re-elected to our board by our stockholders. Options granted may be exercised for cash, or via cashless exercise, in which the grantee surrenders options covering a sufficient number of shares to pay the exercise price for options being exercised by the grantee.

Options may also be exercised by the grantee's delivery of instructions to a broker to pay us the exercise price of the options being exercised. Options granted under the Directors' Stock Option Plan are immediately vested and have a ten year term.

Options granted under the plan will be treated as NSOs for tax purposes. Accordingly, the grantee recognizes ordinary income when the option is exercised in an amount equal to the excess of the fair market value of the underlying common stock at the time of exercise over the exercise price of the option. We recognize a deduction in the tax year in which the grantee recognizes income, equal to the amount of ordinary income so recognized by the grantee.

The board of directors and the governance and nominating committee have approved an amendment to the plan (the Amendment). A copy of the plan as proposed to be amended is attached hereto as Exhibit B. The Amendment will provide for:

- (a) an increase in the number of shares of common stock available for issuance pursuant to the plan by 12,000 shares, subject to future adjustment as provided in the plan, resulting in maximum shares issuable under the plan of 152,000; and
- (b) an increase in the number of shares of common stock for which an option is granted to each non-employee director at the time such director is first elected to our board and each time he or she is re-elected to our board by our stockholders from 3,000 shares to 6,000 shares.

We currently have three non-employee directors, each of whom participates in the plan. If these directors are re-elected to our board, they will each receive options to purchase 6,000 shares of common stock under the plan if the proposed amendment to the plan is approved by our stockholders.

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We believe we should continue to grant options to our non-employee directors to provide them with the opportunity to acquire a proprietary interest in us, as an additional incentive to promote our success. We also believe option grants may be necessary to recruit qualified non-employee directors in the future. In order to achieve these objectives, our board of directors has approved the Amendment and recommends that it be submitted to our stockholders for approval.

If we receive affirmative stockholder vote on this proposal, and if they are re-elected to the board, our directors will receive stock options under the plan as follows (each with an exercise price that is equal to the fair market value of StarTek's common stock as of the close of trading on the date of issuance):

| Name and Position | Number of Stock Options to be granted |
|---|--|
| Ed Zschau, Chairman of the Board and Director | 6,000 |
| P. Kay Norton, Director | 6,000 |
| Albert C. Yates, Director | 6,000 |

If this proposal fails to pass stockholder approval, each of the aforementioned directors will receive 3,000 stock options under the plan at an exercise price that is equal to the fair market value of StarTek's common stock as of the close of trading on the date of issuance.

Under the rules of the New York Stock Exchange, adoption of the Amendment requires the affirmative vote of the holders of a majority of the outstanding shares of common stock represented at the annual meeting of shareholders. The board unanimously recommends that the shareholders vote **FOR** the adoption of the proposed amendment to the Directors' Stock Option Plan.

STOCKHOLDER PROPOSALS

Stockholder proposals intended to be presented at our 2008 Annual Meeting of Stockholders must be received at our executive offices at 44 Cook Street, 4th Floor, Denver, Colorado 80206, Attention of the Secretary, no later than December 4, 2007, for inclusion in our proxy statement relating to the 2007 Annual Meeting. Under our By-laws, must receive notice between March 8, 2008 and February 6, 2008, of any matters to be proposed by a stockholder at the 2008 Annual Meeting in order for such matters to be properly considered at the meeting. However, if the date of the 2008 Annual Meeting is a date that is more than 30 days before or more than 60 days after May 7, 2008, the anniversary date of the 2007 Annual Meeting, notice by the stockholder of a proposal must be received not earlier than the close of business on the 90th day prior to the 2008 Annual Meeting and not later than the close of business on the later of the 60th day prior to the 2008 Annual Meeting or the 10th day following the day on which public announcement of the 2008 Annual Meeting is first made by us.

STOCKHOLDER COMMUNICATION WITH THE BOARD

Our board of directors believes that it is important for current and potential stockholders and other interested parties to have a process to send communications to the board. Accordingly, stockholders and other interested parties desiring to send a communication to the board of directors, or to a specific director, may do so by sending a letter to our executive offices at 44 Cook Street, 4th Floor, Denver, Colorado 80206, attention of the Secretary. The mailing envelope must contain a clear notation indicating that the enclosed letter is a stockholder-board communication or stockholder-director communication. All such letters must identify the author as either a stockholder or non-stockholder and clearly state whether the intended recipients of the letter are all members of the board of directors or certain specified individual directors. The Secretary will open such communications and make copies, and then circulate them to the appropriate director or directors. Letters directed to our independent directors or outside directors will be delivered to Dr. Zschau, our Chairman and lead independent director. However, if the date of the 2008 Annual Meeting is a date that is more than 30 days before or more than 60 days after May 7, 2008, the anniversary date of the 2007 Annual Meeting, notice by the stockholder of a proposal must be received not earlier than the close of business on the 90th day prior to the 2008 Annual Meeting and not later than the close of business on the later of the 60th day prior to the 2008 Annual Meeting or the 10th day following the day on which the public announcement of the date of the 2008 Annual Meeting is first made by us.

MISCELLANEOUS

In an effort to reduce printing costs and postage fees, we have adopted a practice approved by the SEC called householding. Under this practice, stockholders who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one copy of our proxy materials unless one or more of these stockholders notifies us that they wish to continue receiving individual copies. Stockholders who participate in householding will continue to receive separate proxy cards.

If you share an address with another stockholder and received only one set of proxy materials and would like to request a separate copy of these materials and/or future proxy materials, please call us at (303) 262-4500 or send your request to: 44 Cook Street, 4th Floor, Denver, Colorado 80206, Attention of the Director of SEC Reporting and Compliance. You may also contact us at the above address and phone number if you received multiple copies of the proxy materials and would prefer to receive a single copy in the future.

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Our Annual Report to Stockholders for the year ended December 31, 2006, will be furnished with this Proxy Statement to stockholders of record as of March 19, 2007. The Annual Report to Stockholders for the year ended December 31, 2006, does not constitute a part of the proxy soliciting materials.

Our board of directors and management team are not aware of any other business that may come before the Annual Meeting. However, if additional matters properly come before the Annual Meeting, proxies will be voted at the discretion of the proxy holders.

By Order of the Board of Directors

A. Laurence Jones

President and Chief Executive Officer

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2006, including consolidated financial statements, required to be filed with the SEC pursuant to Rule 13a-1 of the Exchange Act, as well as our Forms 10-Q and other SEC filings will be furnished, excluding exhibits, without charge, to any stockholder upon written request. A copy may be requested by writing to the Director of Investor Relations, StarTek, Inc., 44 Cook Street, 4th Floor, Denver, Colorado 80206. Our Annual Report on Form 10-K as well as our Forms 10-Q and other SEC filings can also be obtained over the Internet through the Investor Relations section of our web site. Our Internet address is <http://www.startek.com>. We also make the charters for the compensation committee, audit committee and governance and nominating committee of our board of directors, as well as our Corporate Governance Guidelines and our Code of Ethics and Business Conduct, available on the Investor Relations page of our web site. Any of these materials are available in print upon request. Additionally, the Annual Report on Form 10-K and other information we file with the SEC can be inspected at and obtained from the SEC at prescribed rates at public reference facilities maintained by the SEC at Room 1024, 100 F St., NE, Washington, D.C. 20549. The SEC maintains a web site at <http://www.sec.gov> that contains reports, proxies, information statements, and other information regarding us that has been filed electronically with the SEC.

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EXHIBIT A
STARTEK, INC. STOCK OPTION PLAN

This Stock Option Plan (Plan) is adopted effective as of February 13, 1997, by StarTek, Inc., a Delaware corporation (the Company).

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

2. DEFINITIONS.

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

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

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

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

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

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

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

2.8 Director means a member of the Board.

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

2.10 Fair Market Value means for the relevant day:

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

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(b) If the Common Stock is not listed or admitted to unlisted trading privileges as provided in paragraph (a), and if sales prices for shares of Common Stock are reported by the National Association of Securities Dealers, Inc. Automated Quotations, Inc. National Market System (NASDAQ System), then the last sale price for Common Stock reported as of the close of business on the day Fair Market Value is to be determined, or if no such sale takes place on that day, the average of the high bid and low asked prices so reported; if Common Stock is not traded on that day, the next preceding day on which such stock was traded; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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2.23 Termination of Employment means:

- (a) With respect to an employee, when the employee's employment relationship with the Company and all of its Subsidiaries is terminated;
- (b) With respect to consultants and independent contractors, when any consulting or independent contractor agreement is terminated, or when the consultant or independent contractor no longer performs any services for the Company, as determined by the Committee, in its sole discretion; and
- (c) With respect to a Director who is not an employee, when his membership on the Board terminates.

3. ELIGIBILITY AND PARTICIPATION. Subject to the provisions of the Plan, the Committee shall determine from time to time those consultants, independent contractors, key employees, officers or Directors (other than Non-Employee Directors) of the Company or a Designated Subsidiary who shall be designated as Participants and the number, if any, of Options or SARs to be awarded to each such Participant; provided, however, that no ISOs shall be awarded under the Plan after the expiration of the period of ten years from the date this Plan is adopted by the Board. In addition, no ISOs may be awarded to a Participant who is not an employee of the Company or a Designated Subsidiary.

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

5. INCENTIVE STOCK OPTIONS. The Committee may, in its discretion, grant ISOs to any Participant under the Plan who is an employee of the Company or a Designated Subsidiary. Each ISO shall be evidenced by an Option Agreement between the Company and the Participant. Each Option Agreement, in such form as is approved by the Committee, shall be subject to the following express terms and conditions and to such other terms and conditions, not inconsistent with the Plan, as the Committee may deem appropriate.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10. CHANGES IN CAPITAL STRUCTURE. If there is any change in the capital structure of the Company, the Committee may, in its sole discretion, make any adjustments necessary to prevent accretion, or to protect against dilution, in the number and kind of shares authorized by the Plan and, with respect to outstanding Options and/or SARs, in the number and kind of shares covered thereby and in the applicable Option Price. For the purpose of this paragraph 10, a change in the capital structure of the Company includes, without limitation, any change resulting from a recapitalization, stock split, stock dividend, consolidation, rights offering, spin-off, reorganization, or liquidation and any transaction in which shares of Common Stock are changed into or exchanged for a different number or kind of shares of stock or other securities of the Company or another corporation.

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

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

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

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

15. AMENDMENT OF THE PLAN. The Board may from time to time alter, amend, suspend or discontinue this Plan, including, where applicable, any modifications or amendments as it shall deem advisable in order that ISOs will be classified as incentive stock options under the Code, or in order to conform to any regulation or to any change in any law or regulations applicable thereto, including any changes required to comply with the Exchange Act or any rules or regulations issued thereunder; provided, however, that no such action shall, without the approval of holders affected thereby, adversely affect the rights and obligations of such holders with respect to Options at any time outstanding under this Plan; and provided further that no such action shall, without the approval of the stockholders of the Company, (i) increase the maximum number of shares of the Common Stock that may be made subject to Options (unless necessary to effect the adjustments required by paragraph 10), (ii) materially increase the benefits accruing to Participants under this Plan, or (iii) materially modify the requirements as to eligibility for participation in this Plan.

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

- (a) to construe and interpret the Plan, and to remedy any ambiguities or inconsistencies therein;
- (b) to establish, amend and rescind appropriate rules and regulations relating to the Plan;
- (c) subject to the express provisions of the Plan, to determine the individuals who will receive awards of Options or SARs, the times when they will receive them, the number of shares to be subject to each award and the Option Price, payment terms, payment method, and expiration date applicable to each award;
- (d) to contest on behalf of the Company or Participants, at the expense of the Company, any ruling or decision on any matter relating to the Plan or to any awards of ISOs, NSOs, or SARs;
- (e) generally, to administer the Plan, and to take all such steps and make all such determinations in connection with the Plan and the awards of ISOs, NSOs, or SARs granted thereunder as it may deem necessary or advisable;
- (f) to determine the form in which payment of an SAR award granted hereunder will be made (i.e., cash, Common Stock or a combination thereof) or to approve a participant's election to receive cash in whole or in part in settlement of the SAR award; and
- (g) to determine the form in which tax withholding under Section 13 of this Plan will be made.

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17. **TERMINATION OF PLAN.** In the event of dissolution or liquidation of the Company, or upon any reorganization, merger or consolidation of the Company with one or more corporations where the Company is the surviving corporation and the stockholders of the Company immediately prior to such transaction do not own at least fifty percent (50%) of the issued and outstanding Common Stock immediately after such transaction, or upon any reorganization, merger or consolidation of the Company with one or more corporations where the Company is not the surviving corporation, or upon a sale of substantially all of the assets of the Company to another corporation or entity or upon the sale of Common Stock to another person or entity in one or a series of transactions with the result that such person or entity owns more than fifty percent (50%) of the issued and outstanding Common Stock immediately after such sale(s), the Plan and all Options and SARs outstanding under the Plan shall terminate on the effective date of the transaction (or, in the event of a tender offer resulting in the sale of fifty percent (50%) or more of the outstanding Common Stock (a Tender Offer), thirty (30) days after the final expiration of the Tender Offer. Any Options and SARs theretofore granted and outstanding under the Plan shall become immediately vested and exercisable in full at such time as the approval of the transaction by the Board, or the final expiration of any Tender Offer (notwithstanding any performance, vesting or other criteria contained therein), and shall remain exercisable until the effective date of such transaction or thirty (30) days after the final expiration of the Tender Offer, whichever is applicable (unless the Option or SAR would otherwise expire by its own terms on an earlier date). The Company shall give each optionee written notice at least five (5) days prior to the effective date of any termination of the Plan as a result of a transaction described above in order to permit the optionee to exercise his Options prior to the effective date of termination. Any Option not exercised by the effective date of a transaction described above shall terminate on such date.

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

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

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

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

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

shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned relevant provisions of law.

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23. RULES OF CONSTRUCTION.

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

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

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

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

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

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

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

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**AMENDMENT NO. 1
to the
STOCK OPTION PLAN OF STARTEK, INC.**

THIS AMENDMENT NO. 1 dated as of May 30, 2001, to the Stock Option Plan (the "Plan") of Startek, Inc. (the "Company") dated February 13, 1997, was proposed by the Company's Board of Directors and approved by a majority vote of holders of the Company's common stock and amends the Plan as follows:

1. Paragraph 4 of the Plan, entitled "Common Stock Subject to the Plan," is deleted in its entirety, and a new paragraph 4 is inserted reading as follows:

4. Common Stock Subject to the Plan. Except as otherwise provided in paragraph 10, the aggregate number of shares of Common Stock that may be issued under Options under this Plan may not exceed 1,585,000 shares of Common Stock. If any awards hereunder shall terminate or expire, as to any number of shares, new ISO's and NSO's may thereafter be awarded with respect to such shares.

2. Except as Amended hereby, the Plan shall be unchanged and remain in full force and effect.

IN WITNESS WHEREOF, the Company has executed this Amendment effective as of the date first mentioned above.

STARTEK, INC., a Delaware corporation

By: /s/ DENNIS M. SWENSON
Dennis M. Swenson
Title: CFO

**AMENDMENT NO. 2
STARTEK, INC.
STOCK OPTION PLAN**

This Amendment No. 2 is effective as of May 7, 2004 with respect to the Stock Option Plan (the "Plan") of StarTek, Inc. (the "Company").

The Board of Directors of the Company recommended and the stockholders of the Company approved on May 7, 2004 an amendment to Section 4 of the Plan to increase the aggregate number of shares of Common Stock that may be issued under Options granted under the Plan from 1,585,000 to 1,835,000.

All defined terms not otherwise defined herein shall have the meaning set for in the Plan.

The Plan is hereby amended as follows:

1. Section 4 of the Plan is amended by deleting "1,585,000" and inserting in lieu thereof "1,835,000."

Except as amended hereby, the Plan is unchanged and remains in full force and effect.

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**AMENDMENT NO. 3
STARTEK, INC.
STOCK OPTION PLAN**

This Amendment No. 3 is effective as of May 6, 2005 with respect to the Stock Option Plan (the Plan) of StarTek, Inc. (the Company).

The Board of Directors of the Company recommended and the stockholders of the Company approved on May 6, 2005 an amendment to Section 4 of the Plan to increase the aggregate number of shares of Common Stock that may be issued under Options granted under the Plan from 1,835,000 to 1,985,000.

All defined terms not otherwise defined herein shall have the meaning set forth in the Plan.

The Plan is hereby amended as follows:

1. Section 4 of the Plan is amended by deleting 1,835,000 and inserting in lieu thereof 1,985,000.

Except as amended hereby, the Plan is unchanged and remains in full force and effect.

**AMENDMENT NO. 4
STARTEK, INC.
STOCK OPTION PLAN**

This Amendment No. 4 is effective as of April 7, 2006 with respect to the Stock Option Plan (the Plan) of StarTek, Inc. (the Company).

The Board of Directors of the Company recommended and the stockholders of the Company approved on April 7, 2006 an amendment to Section 4 of the Plan to increase the aggregate number of shares of Common Stock that may be issued under Options granted under the Plan from 1,985,000 to 2,100,000.

All defined terms not otherwise defined herein shall have the meaning set forth in the Plan.

The Plan is hereby amended as follows:

1. Section 4 of the Plan is amended by deleting 1,985,000 and inserting in lieu thereof 2,100,000.

Except as amended hereby, the Plan is unchanged and remains in full force and effect.

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**AMENDMENT NO. 5
STARTEK, INC.
STOCK OPTION PLAN**

This Amendment No. 5 is effective as of January 5, 2007 with respect to the Stock Option Plan (the Plan) of StarTek, Inc. (the Company).

The Board of Directors of the Company approved an amendment to Section 5(a) and Section 6(a) of the Plan to permit the Committee to grant Options under the Plan with expiration terms that differ from those set forth in the Plan.

All defined terms not otherwise defined herein shall have the meanings set forth in the Plan.

The Plan is hereby amended as follows:

1. The first line of Section 5(a) of the Plan is amended to read in its entirety as follows:

"(a) OPTION PERIOD. Except as otherwise established by the Committee at the time when an ISO is granted, each ISO will expire as of the earliest of:

2. The first line of Section 6(a) of the Plan is amended to read in its entirety as follows:

"(a) OPTION PERIOD. Except as otherwise established by the Committee at the time when a NSO is granted, each NSO will expire as of the earliest of:

Except as amended hereby, the Plan is unchanged and remains in full force and effect.

**AMENDMENT NO. 6
STARTEK, INC.
STOCK OPTION PLAN**

This Amendment No. 6 is effective as of May 7, 2007 with respect to the Stock Option Plan (the Plan) of StarTek, Inc. (the Company).

The Board of Directors of the Company recommended and the stockholders of the Company approved on May 7, 2007 an amendment to Section 4 of the Plan to increase the aggregate number of shares of Common Stock that may be issued under Options granted under the Plan from 2,100,000 to 2,588,000.

All defined terms not otherwise defined herein shall have the meaning set forth in the Plan.

The Plan is hereby amended as follows:

1. Section 4 of the Plan is amended by deleting 2,100,000 and inserting in lieu thereof 2,588,000.

Except as amended hereby, the Plan is unchanged and remains in full force and effect.

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EXHIBIT B
STARTEK, INC.
DIRECTORS STOCK OPTION PLAN

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

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

2. DEFINITIONS.

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

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

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

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

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

2.6 Director means a member of the Board.

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

2.8 Fair Market Value means for the relevant day:

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

(b) If the Common Stock is not listed or admitted to unlisted trading privileges as provided in subparagraph (a) above, and if sales prices for shares of Common Stock are reported by the National Association of Securities Dealers, Inc. Automated Quotations, Inc. National Market System(NASDAQ System), then the last sale price for Common Stock reported as of the close of business on the day Fair Market Value is to be determined, or if no such sale takes place on that day, the average of the high bid and low asked prices so reported; if Common Stock is not traded on that day, the next preceding day on which such stock was traded; or

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

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

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

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

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

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- 2.13 Participant means an individual Non-Employee Director who satisfies the requirements of paragraph 3 below for the grant of an Option.
- 2.14 Plan means the StarTek, Inc. Directors Stock Option Plan, as set forth herein and as from time to time amended.
- 2.15 Securities Act means the Securities Act of 1933, as it exists now or from time to time may hereafter be amended.
- 2.16 Subsidiary means any corporation or other entity which is a subsidiary of the Company as defined in Section 424(f) of the Code.
3. ELIGIBILITY AND PARTICIPATION. In order to become and continue as a Participant, a Non-Employee Director must satisfy all of the following as of each Option Date:
- (a) The Non-Employee Director must have been elected to serve as a Director effective prior to the Option Date;
 - (b) The Non-Employee Director must satisfy the definitional requirements for a Non-Employee Director as of such Option Date; and
 - (c) The Non-Employee Director must have served on the Board continuously since the commencement of his or her term.
4. COMMON STOCK SUBJECT TO THE PLAN. Except as otherwise provided in paragraph 8 below, the aggregate number of shares of Common Stock that may be issued under Options under this Plan may not exceed 90,000 shares of Common Stock. If any awards hereunder shall terminate or expire, as to any number of shares, new Options may thereafter be awarded with respect to such shares.
5. GRANT OF STOCK OPTIONS. Subject to the limitation in paragraph 4 above, each Participant shall be automatically granted an Option to acquire 10,000 shares of Common Stock effective upon the later of (1) his or her election as a Director or (ii) the closing of an initial public offering of the Common Stock. In addition, each Participant shall be automatically granted an Option to acquire 3,000 shares of Common Stock effective upon each date that the Participant is subsequently reelected as a Director at an annual meeting of the stockholders of the Company held each year after the Participant's initial election as a Director. Each Option shall be subject to the following express terms and conditions:
- (a) OPTION PERIOD. Options may be exercisable upon the grant thereof. Each Option will expire as of the earliest of:
 - (i) the date on which the Participant's membership on the Board is terminated for Cause;
 - (ii) ten (10) years from the Option Date; or
 - (iii) the date one (1) year after the Participant's death.
 - (b) OPTION PRICE. Options granted effective as of the closing of an initial public offering shall have an exercise price equal to the offering price in such offering. Options granted thereafter shall have an exercise price equal to Fair Market Value of the Common Stock on the Option Date.
6. VESTING. Each Option shall be fully vested on the Option Date.
7. EXERCISE OF OPTIONS. To exercise an Option in whole or in part, a Participant (or, after his death, his executor or administrator) must give written notice to the Board, stating the number of shares as to which he intends to exercise the Option. The Company will issue the shares with respect to which the Option is exercised upon payment in full of the Option Price. The Option Price may be paid (i) in cash, (ii) in shares of Common Stock having an aggregate Fair Market Value, as determined on the date of delivery, equal to the Option Price, or (iii) by delivery of irrevocable instructions to a broker to promptly deliver to the Company the amount of sale or loan proceeds necessary to pay for all Common Stock acquired through such exercise and any tax withholding obligations resulting from such exercise.

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

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

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

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

12. **NO RIGHT TO REELECTION.** Participation in the Plan will not give any Participant a right to be reelected as a Director, or any right or claim to any benefit under the Plan, unless the right or claim has specifically accrued under the Plan.

13. **AMENDMENT OF THE PLAN.** The Board may from time to time alter, amend, suspend or discontinue this Plan, including, where applicable, any modifications or amendments as it shall deem advisable in order to conform to any regulation or to any change in any law or regulations applicable thereto, including any changes required to comply with the Exchange Act or any rules or regulations issued thereunder; provided, however, that no such action shall, without the approval of holders affected thereby, adversely affect the rights and obligations of such holders with respect to Options at any time outstanding under this Plan; provided further, that stockholder approval of any amendment shall be required if necessary for the Company to comply with the rules of any exchange or over the counter market.

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

- (a) to construe and interpret the Plan, and to remedy any ambiguities or inconsistencies therein;
- (b) to establish, amend and rescind appropriate rules and regulations relating to the Plan;
- (c) subject to the express provisions of the Plan, to determine payment terms, payment method, and expiration date applicable to each Option;
- (d) to contest on behalf of the Company or Participants, at the expense of the Company, any ruling or decision on any matter relating to the Plan or to any Options;
- (e) generally, to administer the Plan, and to take all such steps and make all such determinations in connection with the Plan and the awards of Options granted thereunder as it may deem necessary or advisable; and
- (f) to determine the form in which tax withholding under paragraph 11 above will be made.

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15. **TERMINATION OF PLAN.** In the event of dissolution or liquidation of the Company, or upon any reorganization, merger or consolidation of the Company with one or more corporations where the Company is the surviving corporation and the stockholders of the Company immediately prior to such transaction do not own at least fifty percent (50%) of the issued and outstanding Common Stock immediately after such transaction, or upon any reorganization, merger or consolidation of the Company with one or more corporations where the Company is not the surviving corporation, or upon a sale of substantially all of the assets of the Company to another corporation or entity or upon the sale of Common Stock to another person or entity in one or a series of transactions with the result that such person or entity owns more than fifty percent (50%) of the issued and outstanding Common Stock immediately after such sale(s), the Plan and all Options outstanding under the Plan shall terminate on the effective date of the transaction (or, in the event of a tender offer resulting in the sale of fifty percent (50%) or more of the outstanding Common Stock (a Tender Offer), thirty (30) days after the final expiration of the Tender Offer) . Any Options theretofore granted and outstanding under the Plan shall be exercisable in full at such time as the approval of the transaction by the Board, or the final expiration of any Tender Offer, and shall remain exercisable until the effective date of such transaction or thirty (30) days after the final expiration of the Tender Offer, whichever is applicable (unless the Option would otherwise expire by its own terms on an earlier date). The Company shall give each optionee written notice at least five (5) days prior to the effective date of any termination of the Plan as a result of a transaction described above in order to permit the optionee to exercise his Options prior to the effective date of termination. Any Option not exercised by the effective date of a transaction described above shall terminate on such date.

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

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

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

19. **RULES OF CONSTRUCTION.**

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

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

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

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

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

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

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

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**AMENDMENT NO. 1
STARTEK, INC.
DIRECTORS STOCK OPTION PLAN**

The Amendment No. 1 is effective as of May 7, 2004 with respect to the Directors Stock Option Plan (the Plan) of StarTek, Inc. (the Company).

The Board of Directors of the Company recommended and the stockholders of the Company approved on May 7, 2004 an amendment of Section 4 of the Plan to increase the aggregate number of shares of Common Stock that may be issued under Options granted under the Plan from 90,000 to 140,000.

All defined terms not otherwise defined herein shall have the meaning set for in the Plan.

The Plan is hereby amended as follows:

1. Section 4 of the Plan is amended by deleting 90,000 and inserting in lieu thereof 140,000.

Except as amended hereby, the Plan is unchanged and remains in full force and effect.

**AMENDMENT NO. 2
STARTEK, INC.
DIRECTORS STOCK OPTION PLAN**

This Amendment No. 2 is effective as of September 2, 2004 with respect to the Directors Stock Option Plan (the Plan) of StarTek, Inc. (the Company).

Effective September 2, 2004, the Board of Directors of the Company approved an amendment to Section 5 of the Plan to provide that each Participant shall be automatically granted an Option to acquire 3,000 shares of Common Stock effective upon his or her election as a Director, rather than an Option to acquire 10,000 shares of Common Stock as previously provided in the Plan.

All defined terms not otherwise defined herein shall have the meaning set forth in the Plan.

The Plan is hereby amended as follows:

1. Section 5 of the Plan is amended by deleting 10,000 and inserting in lieu thereof 3,000.

Except as amended hereby, the Plan is unchanged and remains in full force and effect.

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**AMENDMENT NO. 3
STARTEK, INC.
DIRECTORS STOCK OPTION PLAN**

This Amendment No. 3 is effective as of May 7, 2007 with respect to the Directors Stock Option Plan (the Plan) of StarTek, Inc. (the Company).

The Board of Directors of the Company recommended and the stockholders of the Company approved on May 7, 2007 amendments to:

- (a) Section 5 of the Plan to provide that each Participant shall be automatically granted an Option to acquire 6,000 shares of Common Stock effective upon the date that a Participant is first elected as a Director and upon each date that the Participant is subsequently reelected as a Director at an annual meeting of the stockholders of the Company held each year after the Participant s initial election as a Director, rather than an Option to acquire 3,000 shares of Common Stock as previously provided in the Plan; and
- (b) Section 4 of the Plan to increase the aggregate number of shares of Common Stock that may be issued under Options granted under the Plan from 140,000 to 152,000.

All defined terms not otherwise defined herein shall have the meaning set forth in the Plan.

The Plan is hereby amended as follows:

1. Section 5 of the Plan is amended by deleting 3,000 in both places it appears and inserting in lieu thereof 6,000.
2. Section 4 of the Plan is amended by deleting 140,000 and inserting in lieu thereof 152,000.

Except as amended hereby, the Plan is unchanged and remains in full force and effect.

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StarTek, Inc.
Proxy for the Annual Meeting of Stockholders May 7, 2007
This Proxy is solicited on behalf of the Board of Directors

This proxy is furnished in connection with the solicitation by the Board of Directors of StarTek, Inc. of proxies for use at the 2007 Annual Meeting of Stockholders. The undersigned stockholder of StarTek, Inc., a Delaware corporation (the Company), hereby constitutes and appoints Ed Zschau or A. Laurence Jones, and each of them, his attorney-in-fact and proxies (with full power of substitution in each), and authorizes each of them to represent the undersigned at the Annual Meeting of Stockholders of the Company to be held on May 7, 2007, at 9:00 a.m., and at any adjournment thereof, and to vote the common stock of the Company held by the undersigned as designated below on proposals 1, 2, 3 and 4 and in their discretion on all other matters coming before the meeting.

This proxy when properly executed will be voted in the manner directed by the stockholder, but if no direction is made, this proxy will be voted FOR proposals 1, 2 3 and 4.

Properly executed proxies will be voted in the discretion of the proxy holder with regard to any other matter that properly comes before the meeting.

1. ELECTION OF DIRECTORS:

FOR all nominees listed (except as marked below)

WITHHOLD AUTHORITY to vote for all nominees listed below

Ed Zschau

Kay Norton

Albert C. Yates

A. Laurence Jones

Instruction: To withhold authority to vote for any individual nominee(s), print such nominee s(s) name(s) in the space provided below:

2. TO RATIFY THE SELECTION OF ERNST & YOUNG, LLP AS INDEPENDENT AUDITORS FOR THE COMPANY.

FOR

AGAINST

ABSTAIN

3. TO AMEND THE STOCK OPTION PLAN TO INCREASE THE MAXIMUM NUMBER OF SHARES AVAILABLE FOR AWARD UNDER THE PLAN FROM 2,100,000 TO 2,588,000:

FOR

AGAINST

ABSTAIN

4. TO AMEND THE DIRECTORS OPTION PLAN TO INCREASE THE MAXIMUM NUMBER OF SHARES AVAILABLE FOR AWARD UNDER THE PLAN FROM 140,000 TO 152,000 AND TO INCREASE THE NUMBER OF SHARES FOR WHICH OPTIONS ARE GRANTED TO A PARTICIPANT UPON INITIAL ELECTION TO THE BOARD OF DIRECTORS AND UPON RE-ELECTION TO THE BOARD OF DIRECTORS FROM 3,000 TO 6,000:

FOR

AGAINST

ABSTAIN

PLEASE MARK, SIGN, DATE, AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

Please sign exactly as name appears hereon. When shares are held by joint tenants, both should sign. When signing as attorney, executor, trustee or other representative capacity, please give full title as such. If a corporation, please sign in full corporate name by President or other authorized officer.

The signer hereby revokes all proxies heretofore given to vote at said meeting or any adjournment thereof.

Signature of Stockholder

Signature of Stockholder

Dated: _____, 2007