

STARTEK INC
Form 10-K/A
May 18, 2004

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

**Form 10-K/A
(Amendment No. 1)**

(Mark One)

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

For the fiscal year ended December 31, 2003

or

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

For the transition period from to

Commission file number 1-12793

StarTek, Inc.

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

84-1370538

*(I.R.S. employer
Identification No.)*

**100 Garfield Street
Denver, Colorado**

*(Address of principal executive
offices)*

80206

(Zip code)

(303) 399-2400

(Registrant's telephone number, including area code)

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

Title of Each Class

Common Stock, \$.01 par value

Name of Each Exchange on Which Registered

New York Stock Exchange, Inc.

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

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes No

As of March 5, 2004, 14,359,051 shares of common stock were outstanding. The aggregate market value of common stock held by non-affiliates of the registrant on June 30, 2003 was approximately \$118 million, based upon the closing price of the registrant's common stock as quoted on the New York Stock Exchange composite tape on such date. Shares of common stock held by each executive officer and director and by each person who owned 5% or more of the outstanding common stock as of such date have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

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Sec. 302 Certification by William E. Meade, Jr.

Sec. 302 Certification by Eugene L. McKenzie, Jr.

Sec. 906 Certification by William E. Meade, Jr.

Sec. 906 Certification by Eugene L. McKenzie, Jr.

Table of Contents**Explanatory Note**

The purpose of this amendment is to make corrections to the Selected Financial Data and Summary Compensation Table. There was a typographical error in the Selected Financial Data in the original filing of the registrant's Annual Report on Form 10-K. Selling, general and administrative expenses for fiscal 2000 should have read \$20,950, and instead read \$29,950.

In addition, bonuses in the aggregate amount of \$145,000 paid to the registrant's chief executive officer, chief financial officer and chief operating officer for fiscal 2003, which were paid in 2004 following approval by the compensation and option committee of the registrant's board of directors, were inadvertently omitted from the original filing of the registrant's Annual Report on Form 10-K.

PART II**Item 6. Selected Financial Data**

The following selected financial data should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this Form 10-K. Additionally, the following selected financial data should be read in conjunction with *Management's Discussion and Analysis of Financial Condition and Results of Operations* appearing elsewhere in this Form 10-K.

| | Year Ended December 31, | | | | |
|--|--|-------------|-------------|-------------|-------------|
| | 1999 | 2000 | 2001 | 2002 | 2003 |
| | (Dollars in thousands, except per share data) | | | | |
| Statement of Operations Data: | | | | | |
| Revenue | \$ 205,227 | \$ 200,750 | \$ 182,576 | \$ 207,864 | \$ 231,189 |
| Cost of services | 166,880 | 153,629 | 137,622 | 157,005 | 171,401 |
| Gross profit | 38,347 | 47,121 | 44,954 | 50,859 | 59,788 |
| Selling, general and administrative expenses | 20,338 | 20,950 | 25,938 | 22,562 | 28,489 |
| Operating profit | 18,009 | 26,171 | 19,016 | 28,297 | 31,299 |
| Net interest income and other | 2,814 | 4,655 | 4,318 | 1,986 | 4,048 |
| Loss on impaired investments | | | (15,452) | (6,210) | |
| Income before income taxes | 20,823 | 30,826 | 7,882 | 24,073 | 35,347 |
| Income tax expense | 7,800 | 11,406 | 3,011 | 8,907 | 13,149 |

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| | | | | | |
|--|------------|------------|------------|------------|------------|
| Net income | \$ 13,023 | \$ 19,420 | \$ 4,871 | \$ 15,166 | \$ 22,198 |
| Earnings per share: | | | | | |
| Basic | \$ 0.94 | \$ 1.39 | \$ 0.35 | \$ 1.07 | \$ 1.56 |
| Diluted | \$ 0.92 | \$ 1.36 | \$ 0.34 | \$ 1.05 | \$ 1.52 |
| Weighted average shares outstanding | | | | | |
| Basic | 13,874,556 | 14,016,851 | 14,053,484 | 14,140,765 | 14,243,273 |
| Diluted | 14,139,149 | 14,279,409 | 14,168,044 | 14,385,389 | 14,623,066 |
| Selected Operating Data: | | | | | |
| Capital expenditures, net of proceeds | \$ 12,591 | \$ 8,625 | \$ 19,008 | \$ 5,839 | \$ 23,736 |
| Depreciation and amortization | \$ 4,715 | \$ 5,482 | \$ 6,898 | \$ 9,220 | \$ 10,045 |
| Balance Sheet Data (December 31): | | | | | |
| Working capital | \$ 40,214 | \$ 56,146 | \$ 59,129 | \$ 80,379 | \$ 77,226 |
| Total assets | 101,435 | 122,283 | 129,153 | 140,421 | 153,607 |
| Total debt | 7,424 | 11,497 | 11,806 | 6,482 | 104 |
| Total stockholders equity | \$ 71,046 | \$ 91,964 | \$ 95,609 | \$ 114,594 | \$ 133,000 |

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The following table sets forth certain information concerning 2001, 2002, and 2003 compensation of our Chief Executive Officer and executive officers who, in addition to the Chief Executive Officer, received the highest compensation during 2001, 2002, and 2003.

Summary Compensation Table

| Name and Principal Position | Year | Annual Compensation(a) | | Long-Term Compensation Awards | All Other Compensation (\$) |
|--|------|------------------------|------------|----------------------------------|-----------------------------|
| | | Salary (\$) | Bonus (\$) | Securities Underlying Option (#) | |
| William E. Meade, Jr. President, CEO and Director | 2003 | 411,539 | 60,000 | | 2,396(f) |
| | 2002 | 400,000 | | | 73,702(b) |
| | 2001 | 238,462 | | 200,000 | |
| A. Emmet Stephenson, Jr. Chairman of the Board | 2003 | | | | 245,000(c) |
| | 2002 | | | | 245,000(c) |
| | 2001 | | | | 245,000(c) |
| Eugene L. McKenzie, Jr.(d) Executive VP, CFO, Secretary and Treasurer | 2003 | 139,287 | 25,000 | 35,000 | |
| Michael W. Morgan Vice Chairman of the Board | 2003 | 270,800 | | | |
| | 2002 | 270,800 | | | |
| | 2001 | 324,965 | | 100,000 | |
| Lawrence Zingale Executive VP and COO | 2003 | 317,500 | 60,000 | | 21,710(e) |
| | 2002 | 166,923 | 25,000 | 100,000 | 2,232(b) |
| | 2001 | | | | |
| David I. Rosenthal Former Executive VP, CFO, Secretary and Treasurer | 2003 | 179,495 | | | |
| | 2002 | 179,615 | | | |
| | 2001 | 57,212 | | 45,000 | |

- (a) We did not provide perquisites or other personal benefits, securities, or property to the named executive officers which exceeded \$50,000 or 10% of such officer's total salary, bonus or other compensation for 2001, 2002, and 2003.
- (b) Reimbursement of relocation expenses.
- (c) Effective January 1, 1997, we began paying an annual advisory fee of \$245,000 to A. Emmet Stephenson, Jr., Inc.

- (d) Mr. McKenzie was our Controller from June 2002 to November 2003, when he was named Executive VP, CFO, Secretary and Treasurer.
- (e) Reimbursement of relocation expenses of \$5,260 and payment of disability insurance premiums of \$16,450.
- (f) Payment of life insurance premiums.

PART IV

Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) *Document List*

1. An *Index of Exhibits* follows the signature pages of this Form 10-K/A.

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SIGNATURES

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

STARTEK, INC.
(REGISTRANT)

By: /s/ EUGENE L. MCKENZIE, JR.
Eugene L. McKenzie, Jr.
*Executive Vice President, Chief
Financial Officer, Secretary, and
Treasurer*

Date: May 17, 2004

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STARTEK, INC.

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Exhibits

| | |
|------|---|
| 31.1 | Section 302 Certification by William E. Meade, Jr. |
| 31.2 | Section 302 Certification by Eugene L. McKenzie, Jr. |
| 32.1 | Section 906 Certification by William E. Meade, Jr. |
| 32.2 | Section 906 Certification by Eugene L. McKenzie, Jr. |