Rennie Timothy Patrick
Form 3
November 10, 2011

FORM 3

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

OMB APPROVAL	
OMB Number:	3235-0104
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INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Â Rennie Timothy Patrick
(Last) (First) (Middle)

654 N. SAM HOUSTON PKWY E,Â SUITE 400
(Street)

HOUSTON,Â TXÂ 77060
(City) (State) (Zip)

2. Date of Event Requiring Statement (Month/Day/Year)
11/03/2011

3. Issuer Name **and** Ticker or Trading Symbol
ENGLOBAL CORP [ENG]

4. Relationship of Reporting Person(s) to Issuer
(Check all applicable)
_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Exec VP, Eng & Construction

5. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Beneficially Owned

1.Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock	16,126	D	Â
Common Stock	600	I	By Spouse

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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Table II - Derivative Securities Beneficially Owned (*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)	4. Conversion or Exercise Price of	5. Ownership Form of Derivative	6. Nature of Indirect Beneficial Ownership (Instr. 5)

Date Exercisable	Expiration Date	Title	Amount or Number of Shares	Derivative Security	Security: Direct (D) or Indirect (I) (Instr. 5)

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Rennie Timothy Patrick 654 N. SAM HOUSTON PKWY E SUITE 400 HOUSTON,Â TXÂ 77060	Â	Â	Â Exec VP, Eng & Construction	Â

Signatures

/s/ Natalie S. Hairston, Power of Attorney for Timothy P. Rennie	11/09/2011
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. -size:10.0pt;">0.0

%

3

0.0

%

NM

Loss before income taxes

(2,275

)

-3.9

%

(3,751

)

-5.6

%

NM

Income tax expense (benefit)

279

0.4

%

(635

)

-1.0

%

NM

Net loss

$

(2,554

)

-4.3

%

$

(3,116

)

Explanation of Responses:

-4.6

%

NM

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

	For the Three Months Ended March 31,						
	2011			2010			
		(in 000s)	(% of Total)		(in 000s)	(% of Total)	
United States:							
Revenue	$	34,043	57.2%	$	44,703	66.3%	
Cost of services		29,037	55.7%		37,923	62.9%	
Gross profit	$	5,006	67.8%	$	6,780	95.0%	
Gross profit %		*14.7%*			*15.2%*		
Canada:							
Revenue	$	13,474	22.6%	$	18,081	26.8%	
Cost of services		12,390	23.8%		16,525	27.4%	
Gross profit	$	1,084	14.7%	$	1,556	21.8%	
Gross profit %		*8.0%*			*8.6%*		
Offshore:							
Revenue	$	11,993	20.2%	$	4,626	6.9%	
Cost of services		10,696	20.5%		5,826	9.7%	
Gross (loss) profit	$	1,297	17.5%	$	(1,200)	-16.8%	
Gross (loss) profit %		*10.8%*			*-25.9%*		

Revenue

Revenue decreased by $7.9 million, or 11.7%, from $67.4 million in the first quarter of 2010 to $59.5 million in the first quarter of 2011. The decrease was driven by a $10.7 million decline in revenue in our U.S. segment. Of that decrease, $8.6 million is attributable to site closures that occurred over the past year in Victoria, Laramie, Greeley, Grand Junction and Alexandria. The remainder of the decrease was attributable to a volume decline from our largest client, as well as a decrease in the number of billable agents in two locations due to increased attrition. Revenue in our Canadian segment declined by $4.6 million in the first quarter of 2011 compared to the first quarter of 2010. Of this decrease, $3.7 million is attributable to the closure of our facilities in Thunder Bay and Sarnia. The remainder of the decrease was primarily related to an unprofitable site, which we recently announced that we will downsize in the third quarter of 2011. Revenue in our Offshore segment totaled $12.0 million, an increase of $7.4 million compared

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to the $4.6 million reported in the first quarter of 2010. The increase was due primarily to our two new sites in Ortigas, Philippines and Heredia, Costa Rica, both of which opened in the second quarter of 2010 and contributed incremental revenue of $5.2 million. The remainder of the increase was due to the continued ramp-up of our Makati, Philippines facility.

Cost of Services and Gross Profit

Cost of services declined $8.2 million from $60.3 million in the first quarter of 2010 to $52.1 million in the first quarter of 2011. As a percentage of revenue, cost of services decreased to 87.6% in the first quarter of 2011 compared to 89.4% in the first quarter of 2010. Cost of services in the U.S. decreased by approximately $8.8 million. Gross profit as a percentage of revenue in the U.S. decreased from 15.2% in the first quarter of 2010 to 14.7% in the first quarter of 2011. The decrease in cost of services in the U.S. was due primarily to an $8.1 million decline related to the site closures mentioned above. Gross profit as a percentage of revenue in Canada decreased slightly from 8.6% in the first quarter of 2010 to 8.0% in the first quarter of 2011. Cost of services in Canada declined by $4.2 million in the first quarter of 2011 from the first quarter of 2010, of which $3.7 million was due to the closures of the facilities in Thunder Bay and Sarnia, described above. Gross profit as a percentage of revenue in our Offshore segment increased from a (loss) of (25.9%) in the first quarter of 2010 to a 10.8% profit in the first quarter of 2011. Cost of services for our Offshore segment increased by approximately $4.9 million due to the opening of new sites in Ortigas, Philippines and Heredia, Costa Rica, and the ramp-up of our Makati, Philippines location.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased by $1.2 million, or 11.1%, from $10.9 million in the first quarter of 2010 to $9.7 million in the first quarter of 2011. The decrease in selling, general and administrative expenses was primarily due to a decrease in salary expense of approximately $0.8 million and bonus expense of approximately $0.4 million.

Operating Loss

We reported an operating loss of $2.3 million in the first quarter of 2011 and $3.8 million in the first quarter of 2010. Operating loss as a percentage of revenue was (3.9%) for the first quarter of 2011 compared to (5.6%) for the first quarter of 2010. The narrowing of the loss was primarily due to higher gross profit and lower selling, general and administrative expenses in 2011, as previously discussed.

Income Tax

Income tax expense for the three months ended March 31, 2011 totaled $0.3 million, compared to an income tax benefit of $0.6 million for the three months ended March 31, 2010. We recorded income tax expense during the three months ended March 31, 2011 despite our loss from continuing operations due to the establishment of a valuation allowance for substantially all of our U.S. net deferred tax assets during the second quarter of 2010. Until we generate U.S. income from continuing operations, we will be unable to utilize the tax benefit related to our net operating loss carryforwards. As such, we did not record any U.S. income tax benefit during the three months ended March 31, 2011. The expense recorded during the three months ended March 31, 2011 was primarily related to taxable income from our Canadian operations.

Net Loss

Net loss was $2.6 million for the first quarter of 2011 and $3.1 million for the first quarter of 2010. The narrowing of the net loss was primarily due to higher gross profit and lower selling, general and administrative expenses, partially offset by higher income tax expense, as previously discussed.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2011, working capital totaled $49.2 million and our current ratio was 3.1:1, compared to working capital of $50.2 million and a current ratio of 2.8:1 at December 31, 2010.

We have historically financed our operations, liquidity requirements, capital expenditures, and capacity expansion primarily through cash flows from operations, and to a lesser degree, through various forms of debt and leasing arrangements. In addition to funding basic operations, our primary uses of cash typically relate to capital expenditures to upgrade our existing information technologies and service offerings and investments in our facilities. We believe that cash flows from operations and cash provided by our line of credit will adequately meet our ongoing operating requirements for the next year. Due to the timing of our collections of large billings with our major customers, we have historically needed to draw on our line of credit for ongoing operating activities.

On March 23, 2011, we reached an agreement with UMB Bank to amend our line of credit agreement, whereby, the amount available on the secured line of credit was reduced from $15 million to $10 million. The reduction in the amount available on the line was in response to a modification of certain financial covenants. Our financial covenant to maintain a minimum tangible net worth was decreased from at least $100 million to at least $90 million in the new agreement. In addition, borrowings will bear interest at our option at the time of borrowing, of the thirty, sixty or ninety day LIBOR index, plus 2.50%, and the interest rate shall never be less than 4.00% per annum. This is an increase from the previous agreement which called for borrowings to bear interest, at our option at

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the time of the borrowing, of the thirty, sixty or ninety day LIBOR index, plus 1.75%, and that the interest rate shall never be less than 3.25% per annum. We do not expect the decline in the amount available on the line to significantly impact our liquidity. During the first quarter of 2011, we did not draw on our line of credit and there was no balance outstanding on the line of credit as of March 31, 2011. As of March 31, 2011, we were in compliance with our covenants.

	Three Months Ended March 31,			
	2011		2010	
	(in thousands)			
Net cash provided by (used in):				
Operating activities	$	3,379	$	11,841
Investing activities		(1,763)		(4,355)
Financing activities		139		27
Effect of foreign exchange rates on cash		(115)		200
Net increase in cash and cash equivalents	$	1,640	$	7,713

Our balance of cash and cash equivalents was $20.4 million at March 31, 2011, compared to a balance of $18.7 million at December 31, 2010.

Operating Activities. Net cash provided by operating activities decreased $8.4 million from $11.8 million for the three months ended March 31, 2010 to $3.4 million for the three months ended March 31, 2011. The decline in cash provided by operating activities was driven by 1) a $4.9 million decline in the change in income tax refunds due to the absence of a large income tax refund collected in the first quarter of 2010, 2) a $2.1 million increase in payments of accounts payable during the first quarter of 2011 compared to 2010 and 3) a $1.0 million decline in net loss before impairment losses.

Investing Activities. Net cash used in investing activities was $1.8 million in the first three months of 2011, compared to $4.4 million in the first three months of 2010. The decrease was due primarily to a decrease of $2.9 million in purchases of property, plant and equipment due to the fact that we did not invest in any new sites in 2011, compared to investment in two sites that opened in 2010, one in Costa Rica and one in the Philippines.

Financing Activities. Net cash provided by financing activities increased by approximately $0.1 million in the first three months of 2011, compared to the first three months of 2010. The increase was due to a greater amount of stock issuances in 2011 from stock option exercises and lower payments on capital lease obligations.

Contractual Obligations. Other than operating leases for certain equipment and real estate and commitments to purchase goods and services in the future, we have no off-balance sheet transactions, unconditional purchase obligations or similar instruments, and we are not a guarantor of any other entities debt or other financial obligations. We maintain a $10 million revolving line of credit with UMB Bank Colorado, N.A. which we use to finance regular, short-term operating expenses. The line of credit expires on August 1, 2011. During the three months ended March 31, 2011, we did not draw on our line of credit. There was no balance outstanding on the line of credit as of March 31, 2011. As of March 31, 2011, we were in compliance with our covenants.

During the three months ended March 31, 2011, there were no other material changes in our contractual obligations. For a complete discussion of our contractual obligations as of December 31, 2010, see Item 7. Contractual Obligations in our Annual Report on Form 10-K for the year ended December 31, 2010.

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

Our business currently has a high concentration of a few principal clients. The loss of a principal client and/or changes in timing or termination of a principal client s product launch or service offering would have a material adverse effect on our business, liquidity, operating results, and financial condition. These client relationships are further discussed in Note 5, Principal Clients, to our Condensed Consolidated Financial Statements, which are included at Item 1, Financial Statements, of this Quarterly Report on Form 10-Q. To limit our credit risk, management from time to time will perform credit evaluations of our clients. Although we are directly

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impacted by the economic conditions in which our clients operate, management does not believe substantial credit risk existed as of March 31, 2011. Refer to Item 1A. Risk Factors appearing in our Annual Report on Form 10-K for the year ended December 31, 2010 for further information regarding these risks.

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

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

Although management cannot accurately anticipate effects of domestic and foreign inflation on our operations, management does not believe inflation has had a material adverse effect on our results of operations or financial condition. However, there is a risk that inflation could occur in certain countries in which we operate which could have an adverse affect on our financial results. We engage in hedging activities which may reduce this risk; however, currency hedges do not, and will not, eliminate our exposure to foreign inflation.

VARIABILITY OF OPERATING RESULTS

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

Our critical accounting policies and estimates are consistent with those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2010. Please refer to Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations, in our Annual Report on Form 10-K for the year ended December 31, 2010, for a complete description of our Critical Accounting Policies and Estimates.

Recently Adopted Accounting Pronouncements

In January 2010, ASC guidance for fair value measurements and disclosure was updated to require enhanced detail in the Level 3 reconciliation. Adoption of the updated guidance, effective for our fiscal year beginning January 1, 2011, had no impact on our condensed consolidated financial position, results of operations or cash flows. Refer to Note 4 and Note 7 in Item 1. for further details regarding our assets and liabilities measured at fair value.

In October 2009, the Financial Accounting Standards Board issued new standards for revenue recognition with multiple deliverables. These new standards impact the determination of when the individual deliverables included in a multiple-element arrangement may be treated as separate units of accounting. Additionally, these new standards modify the manner in which the transaction consideration is allocated across the separately identified deliverables by no longer permitting the residual method of allocating arrangement consideration. This guidance became effective for us beginning in the first quarter of fiscal 2011. Our adoption of the new accounting guidance did not have an impact on our condensed consolidated financial position, results of operations or cash flows.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the normal course of business, we are exposed to certain market risks related to changes in interest rates and other general market risks, and foreign currency exchange rates. This information should be read in conjunction with the information set forth in Part II, Item 7A in our Annual Report on Form 10-K for the year ended December 31, 2010, in addition to the interim Unaudited Condensed Consolidated Financial Statements, accompanying notes and Management s Discussion and Analysis of Financial Condition and Results of Operations presented in Items 1 and 2 of this Quarterly Report on Form 10-Q.

Interest Rate Risk

We are exposed to interest rate risk with respect to our cash and cash equivalents and debt obligations. Cash and cash equivalents are not restricted. We consider cash equivalents to be short-term, highly liquid investments readily convertible to known amounts of cash, and so near their maturity they present insignificant risk of changes in value because of changes in interest rates. Management would not expect our cash and cash equivalents to be affected, to any significant degree, by any sudden changes in market interest rates. Declines in interest rates over time will, however, reduce our interest income derived from cash and cash equivalents. We currently have a $10 million secured revolving line of credit. The interest rate on our line of credit is variable based upon the LIBOR index, and therefore, is affected by changes in market interest rates. We did not draw on our line of credit during the three months ended March 31, 2011, and as of March 31, 2011, there was no amount outstanding on the line of credit. If the LIBOR increased 100 basis points, there would not be a material impact to our Condensed Consolidated Financial Statements.

Foreign Currency Exchange Risks

We enter into foreign currency exchange contracts to hedge our anticipated operating commitments that are denominated in foreign currencies. The contracts cover periods commensurate with expected exposure, generally three to nine months, and are principally unsecured foreign exchange contracts. The market risk exposure is essentially limited to risk related to currency rate movements. We operate in Canada, the Philippines and Costa Rica. The functional currencies of our Canadian and Philippine operations are the Canadian dollar and the Philippine peso, respectively, which are used to pay labor and other operating costs in those countries. However, our client contracts primarily generate revenues which are paid to us in U.S. dollars. In Costa Rica, our functional currency is the U.S. dollar and the majority of our costs are denominate in U.S. dollars. During the three months ended March 31, 2011, we entered into non-deliverable forward contracts with respect to the Philippine peso for a notional amount of 804 million Philippine pesos to hedge our foreign currency risk with respect to labor costs in the Philippines. As of March 31, 2011, we have not entered into any arrangements to hedge our exposure to fluctuations in the Costa Rican colon relative to the U.S. dollar. As of March 31, 2011, we had contracted to purchase 6.6 million Canadian dollars to be delivered periodically through June 2011 at a purchase price of approximately $6.2 million and we had contracted to purchase 1.1 billion Philippine pesos to be delivered periodically through December 2011 at a purchase price of approximately $25.9 million.

During the three months ended March 31, 2011, there were no other material changes in our market risk exposure. For a complete discussion of our market risks associated with foreign currency and interest rate risks as of December 31, 2010, see Item 7A. Quantitative and Qualitative Disclosures about Market Risk in our Annual Report on Form 10-K for the year ended December 31, 2010. Also, refer to Part II, Item IA. Risk Factors in this Quarterly Report on Form 10-Q and Part I. Item 1A. Risk Factors appearing in our Annual Report on Form 10-K for the year ended December 31, 2010 for further information regarding these risks.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures. As of March 31, 2011, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2011, our disclosure controls and procedures were effective and were designed to ensure that all information required to be disclosed by us in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

Changes in internal controls over financial reporting. There was no change in our internal control over financial reporting that occurred during the quarter ended March 31, 2011, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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Part II. Other Information

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

There have been no material changes in our risk factors from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2010, except for the additions and modifications reflected in the risk factors below.

Over 80% of our revenue in the first quarter of 2011 and in fiscal year 2010 has been received from our two largest clients. The loss or reduction in business from any of these clients would adversely affect our business and results of operations.

The following table represents revenue concentration of our principal clients:

	Three Months Ended March 31, 2011	**Year Ended December 31, 2010**
AT&T Services, Inc. and AT&T Mobility, LLC, subsidiaries of AT&T, Inc.	65.1%	66.2%
T-Mobile USA, Inc., a subsidiary of Deutsche Telekom	16.3%	18.1%

We may not be able to retain our principal clients. If we were to lose any of our principal clients, we may not be able to timely replace the revenue generated by them. Loss of a principal client could result from many factors, including consolidation or economic downturns in our clients industries, as discussed further below.

Refer to Note 5, Principal Clients in Item 1 for further discussion of our client contracts.

The future revenue we generate from our principal clients may decline or grow at a slower rate than expected or than it has in the past. In the event we lose any of our principal clients or do not receive call volumes anticipated from these clients, we may suffer from the costs of underutilized capacity because of our inability to eliminate all of the costs associated with conducting business with that client, which could exacerbate the effect that the loss of a principal client would have on our operating results and financial condition. For example, there are no guarantees of volume under the current contract with AT&T. In addition, the current contract with AT&T provides for a tiered incentive pricing

structure that provides for lower pricing at higher volumes. Additional productivity gains could be necessary to offset the negative impact that lower per-minute revenue at higher volume levels would have on our margins in future periods.

During the first quarter of 2011, AT&T announced its entry into a stock purchase agreement with Deutsche Telekom pursuant to which AT&T agreed to acquire from Deutsche Telekom all of the issued and outstanding shares of its subsidiary, T-Mobile USA, Inc. the closing of the transaction is subject to certain conditions, including approval by the Federal Communications Commission and the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Act of 1976, as amended. The closing is expected to occur in approximately the first quarter of 2012. At this time it is not possible for us to determine the impact that this transaction may have on our results of operations either positive or negative, however any significant reduction in revenue from the combined entity would have an adverse effect on our operating results and financial condition.

Our client base is concentrated in the communications industry, which has recently experienced consolidation trends. As our clients businesses change as a result of merger and acquisition activity, there is no guarantee that the newly formed companies will continue to use our services.

Consolidation in the communications industry may decrease the potential number of buyers for our services. Likewise, there is no guarantee that the acquirer of one of our clients will continue to use our services after the consolidation is completed. We are particularly vulnerable on this issue given the relatively few significant clients we currently serve and the concentration of these clients in the telecommunications industry. For example, as mentioned above, AT&T announced in the first quarter that it had entered into a stock purchase agreement with Deutsche Telekom to acquire all of the issued and outstanding stock of T-Mobile USA and in late 2006, AT&T acquired another of our clients, Cingular Wireless, LLC (now, AT&T Mobility, LLC), thereby further concentrating our revenue base. There can be no assurance that AT&T Mobility, LLC, AT&T, or other subsidiaries of AT&T will continue to use our services in the future. If we lose principal clients or our service volumes decrease as a result of principal clients being acquired, our business, financial condition and results of operations would be adversely affected. We expect to negotiate renewals of our contracts in due course; however, if any of such contracts or any order under such a contract is not ultimately renewed, it would have a material adverse effect on our results of operations and financial condition.

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ITEM 6. EXHIBITS

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

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SIGNATURES

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

STARTEK, INC.

(REGISTRANT)

By: /s/A. LAURENCE JONES A. Laurence Jones President and Chief Executive Officer (Principal Executive Officer)	Date: May 3, 2011
By: /s/ DAVID G. DURHAM David G. Durham Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	Date: May 3, 2011

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EXHIBIT INDEX

Exhibit	Description	Incorporated Herein by Reference		
		Form	Exhibit	Filing Date
3.1	Restated Certificate of Incorporation of StarTek, Inc.	S-1	3.1	1/29/1997
3.2	Amended and Restated Bylaws of StarTek, Inc.	8-K	3.2	3/31/2011
3.3	Certificate of Amendment to the Certificate of Incorporation of StarTek, Inc. filed with the Delaware Secretary of State on May 21, 1999.	10-K	3.3	3/8/2000
3.4	Certificate of Amendment to the Certificate of Incorporation of StarTek, Inc. filed with the Delaware Secretary of State on May 23, 2000.	10-Q	3.4	8/14/2000
4.1	Specimen Common Stock certificate.	10-Q	4.2	11/6/2007
10.1	Change in Terms Agreement, dated March 23, 2011, between StarTek, Inc., StarTek USA, Inc. and StarTek Canada Services, Ltd. and UMB Bank Colorado, N.A.	8-K	10.1	3/24/2011
10.2	Business Loan Agreement, dated March 23, 2011, between StarTek, Inc., StarTek USA, Inc. and StarTek Canada Services, Ltd. and UMB Bank Colorado, N.A.	8-K	10.2	3/24/2011
10.3*	2011 Incentive Bonus Plan.			
31.1*	Certification of A. Laurence Jones pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			
31.2*	Certification of David G. Durham pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			
32.1*	Written Statement of the Chief Executive Officer and Chief Financial Officer furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			

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* Filed with this Form 10-Q.

Management contract or compensatory plan or arrangement.