

# SYKES ENTERPRISES INC

## FORM PRER14A (Proxy Soliciting Materials (revised))

Filed 04/01/97

Address	400 NORTH ASHLEY DRIVE TAMPA, FL 33602
Telephone	8132741000
CIK	0001010612
Symbol	SYKE
SIC Code	7373 - Computer Integrated Systems Design
Industry	Computer Networks
Sector	Technology
Fiscal Year	12/31

# SYKES ENTERPRISES INC

## FORM PRER14A (Proxy Soliciting Materials (revised))

Filed 4/1/1997

Address	100 NORTH TAMPA ST STE 3900 TAMPA, Florida 33602
Telephone	813-274-1000
CIK	0001010612
Industry	Computer Networks
Sector	Technology
Fiscal Year	12/31

**SCHEDULE 14A**  
(RULE 14A-101)

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**  
**PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES**  
**EXCHANGE ACT OF 1934 (AMENDMENT NO. )**

**Filed by the Registrant [X]**

**Filed by a Party other than the Registrant [ ]**

Check the appropriate box:

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Preliminary Proxy Statement                        | <input type="checkbox"/> Confidential, for Use of the Commission<br>Only (as permitted by Rule 14a-6(e)(2)) |
| <input type="checkbox"/> Definitive Proxy Statement                                    |   |
| <input type="checkbox"/> Definitive Additional Materials                               |   |
| <input type="checkbox"/> Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12 |   |

# **SYKES ENTERPRISES, INCORPORATED**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

**Payment of Filing Fee (Check the appropriate box):**

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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Fee paid previously with preliminary materials:

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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yes.

[large red stylized letters matching format of front cover of Annual Report]

SYKES Enterprises, Incorporated 1997 proxy statement

**SYKES ENTERPRISES, INC. (LOGO)  
100 NORTH TAMPA STREET  
SUITE 3900  
TAMPA, FLORIDA 33602**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD MAY 8, 1997**

**To the Shareholders of Sykes Enterprises, Incorporated:**

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders (the "Annual Meeting") of Sykes Enterprises, Incorporated (the "Company") will be held at the Wyndham Harbour Island Hotel, 725 South Harbour Island Boulevard, Tampa, Florida on Thursday, May 8, 1997 at 1:00 p.m. Eastern Standard Time for the following purposes:

1. To elect (i) two directors to hold office until the 1998 Annual Meeting of Shareholders, (ii) three directors to hold office until the 1999 Annual Meeting of Shareholders, and (iii) three directors to hold office until the 2000 Annual Meeting of Shareholders;
2. To approve an amendment to the Company's 1996 Employee Stock Option Plan to increase the number of options that can be granted to 1,750,000, and thus qualify the additional options for incentive stock option treatment;
3. To amend the Company's Articles of Incorporation to increase the number of authorized shares of common stock from 50,000,000 to 200,000,000 shares;
4. To amend the Company's Articles of Incorporation and Bylaws to increase to 50% the threshold of shareholder votes required to call a special shareholders' meeting;
5. To amend the Company's Bylaws to require 66 2/3% shareholder approval to amend the Bylaws; and
6. To transact any other business as may properly come before the Annual Meeting.

Only shareholders of record as of the close of business on March 27, 1997 will be entitled to vote at the Annual Meeting or any adjournment or postponement thereof. Information relating to the matters to be considered and voted on at the Annual Meeting is set forth in the proxy statement accompanying this Notice.

By Order of the Board of Directors,

*/s/ Margery Bass*

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*MARGERY BASS*  
*Secretary*

*April 9, 1997*

**YOUR VOTE IS IMPORTANT.**

TO ASSURE YOUR REPRESENTATION AT THE ANNUAL MEETING, PLEASE VOTE ON THE MATTERS TO BE CONSIDERED AT THE ANNUAL MEETING BY COMPLETING THE ENCLOSED PROXY AND MAILING IT PROMPTLY IN THE ENCLOSED ENVELOPE.

**SYKES ENTERPRISES, INC. (LOGO)  
100 NORTH TAMPA STREET  
SUITE 3900  
TAMPA, FLORIDA 33602**

**PROXY STATEMENT  
FOR  
1997 ANNUAL MEETING OF SHAREHOLDERS**

This Proxy Statement is furnished in connection with the solicitation of proxies on behalf of the Board of Directors of Sykes Enterprises, Incorporated (the "Company") for the Annual Meeting of Shareholders (the "Annual Meeting") to be held at the Wyndham Harbour Island Hotel, 725 South Harbour Island Boulevard, Tampa, Florida, on Thursday, May 8, 1997 at 1:00 p.m. Eastern Standard Time, or any adjournment thereof.

If the accompanying proxy form ("Proxy") is completed, signed, returned to the Company, and not revoked, the shares represented thereby will be voted at the Annual Meeting as directed by the shareholder. The giving of the Proxy does not affect the right to vote in person should the shareholder be able to attend the Annual Meeting. The shareholder may revoke the Proxy at any time prior to the voting thereof.

The annual report to shareholders of the Company for the year ended December 31, 1996 along with this Proxy Statement are first being mailed on or about April 9, 1997 to shareholders entitled to vote at the Annual Meeting.

**SHAREHOLDERS ENTITLED TO VOTE**

Only shareholders of record as of the close of business on March 27, 1997 (the "Record Date") are entitled to notice of and to vote at the Annual Meeting. At that date, there were 21,893,818 shares of common stock, \$.01 par value per share ("Common Stock"), outstanding and entitled to vote. Each outstanding share of Common Stock is entitled to one vote on all matters submitted to a vote of shareholders.

Votes cast by proxy or in person at the Annual Meeting will be tabulated by the inspector of elections appointed for the Annual Meeting who will also determine whether a quorum is present for the transaction of business. The Company's Bylaws provide that a quorum is present if the holders of a majority of the issued and outstanding shares of Common Stock entitled to vote at the meeting are present in person or represented by



proxy. Abstentions will be counted as shares that are present and entitled to vote for purposes of determining whether a quorum is present. Shares held by nominees for beneficial owners will also be counted for purposes of determining whether a quorum is present if the nominee has the discretion to vote on at least one of the matters presented, even though the nominee may not exercise discretionary voting power with respect to other matters and even though voting instructions have not been received from the beneficial owner (a "broker non-vote"). Neither abstentions nor broker non-votes are counted in determining whether a proposal has been approved.

Under Florida law, if a quorum exists, directors are elected by a plurality of the votes cast by the shares entitled to vote in the election. The proposals set forth herein to approve (i) amending the Company's Articles of Incorporation to increase the number of authorized shares of common stock to 200 million shares and (ii) the amendment to the Company's 1996 Employee Stock Option Plan increasing the number of options that can be granted to 1,750,000, and thus qualify the additional options for incentive stock option treatment, will be adopted if a majority of the total votes present or represented and entitled to vote at the Annual Meeting vote in favor of such proposals. The proposal set forth herein to approve amending the Company's Articles of Incorporation and the Bylaws to increase to fifty percent (50%) the threshold of shareholder votes required to call a special shareholders' meeting will be adopted if a majority of the total outstanding shares of Common Stock vote in favor of such proposal. The proposal set forth herein to approve amending the Company's Bylaws to require sixty-six and two-thirds percent (66 2/3%) shareholder approval to amend the Bylaws will be adopted if more than sixty-six and two-thirds percent (66 2/3%) of the total outstanding shares of Common Stock vote in favor of such proposal.

Shareholders are requested to vote by completing the enclosed Proxy and returning it signed and dated in the enclosed postage-paid envelope. Shareholders are urged to indicate their votes in the spaces provided on the Proxy. Proxies solicited by the Board of Directors of the Company will be voted in accordance with the directions given therein. Where no instructions are indicated, signed Proxies will be voted FOR each of the proposals listed in the Notice of Annual Meeting of Shareholders which are set forth more completely herein. Returning your completed Proxy will not prevent you from voting in person at the Annual Meeting should you be present and wish to do so.

Any shareholder giving a Proxy has the power to revoke it at any time before it is exercised by: (i) filing with the Secretary of the Company written notice thereof; (ii) submitting a duly executed Proxy bearing a later date; or (iii) appearing at the Annual Meeting and giving the Secretary notice of his or her intention to vote in person. Proxies solicited hereby may be exercised only at the Annual Meeting and any adjournment thereof and will not be used for any other meeting. Proxies solicited hereby will be returned to the Board of Directors and will be tabu-

lated by inspectors of election designated by the Board of Directors who will not be employed by the Company or any of its affiliates.

The cost of solicitation of Proxies by mail on behalf of the Board of Directors will be borne by the Company. Proxies also may be solicited by personal interview or by telephone, in addition to the use of the mails, by directors, officers and regular employees of the Company without additional compensation therefor. The Company also has made arrangements with brokerage firms, banks, nominees and other fiduciaries to forward proxy solicitation materials for shares of Common Stock held of record to the beneficial owners of such shares. The Company will reimburse such record holders for their reasonable out-of-pocket expenses.

**PROPOSAL 1:  
ELECTION OF DIRECTORS**

THE BOARD OF DIRECTORS RECOMMENDS THE FOLLOWING NOMINEES FOR ELECTION AS DIRECTORS AND URGES EACH SHAREHOLDER TO VOTE "FOR" THE NOMINEES. PROXIES IN THE ACCOMPANYING FORM WILL BE VOTED AT THE ANNUAL MEETING, UNLESS AUTHORITY TO DO SO IS WITHHELD, IN FAVOR OF THE ELECTION AS DIRECTORS OF THE NOMINEES NAMED BELOW.

The Company's Board of Directors is divided into three classes, as nearly equal as possible, with each class serving three year terms expiring at the third annual meeting of shareholders after their elections. Pursuant to Section 607.0805 of the Florida Business Corporation Act, however, the terms of each of the initial directors of the Company may expire at the Annual Meeting, which is the first shareholders' meeting of the Company at which directors will be elected since the Company's incorporation in Florida in 1996. Accordingly, two directors are to be elected at the Annual Meeting to Class II to hold office for a term expiring at the 1998 Annual Meeting of Shareholders, three directors are to be elected at the Annual Meeting to Class I to hold office for a term expiring at the 1999 Annual Meeting of Shareholders, and three directors are to be elected at the Annual Meeting to Class III to hold office for a term expiring at the 2000 Annual Meeting of Shareholders (in each case, until their respective successors are elected and qualified). In the event any of such nominees is unable to serve, the persons designated as proxies will cast votes for such other person in their discretion as a substitute nominee. The Board of Directors has no reason to believe that the nominees named below will be unavailable, or if elected, will decline to serve.

## NOMINEES FOR DIRECTORS

Name	Age	Principal Occupation and Other Information
CLASS II -- TERM EXPIRES AT THE 1998 ANNUAL MEETING		
John D. Gannett, Jr.....	42	John D. Gannett, Jr. rejoined the Company in 1995 as Senior Vice President with responsibility for information technology development services and solutions. Prior to 1995, Mr. Gannett provided consulting services to the Company under an agreement entered into in 1991. From 1979 to 1991, Mr. Gannett held various management positions within the technical and documentation services areas of the Company. Mr. Gannett also has served as a director of the Company since December 1984.
H. Parks Helms.....	61	H. Parks Helms has served as a director of the Company since its inception in 1977 and is a member of the Audit Committee. Mr. Helms is the Managing Partner of the law firm of Helms, Cannon, Hamel & Henderson in Charlotte, North Carolina. Mr. Helms has held numerous political appointments and elected positions, including as a member of the North Carolina House of Representatives.
CLASS I -- TERM EXPIRES AT THE 1999 ANNUAL MEETING		
David E. Garner.....	39	David E. Garner joined the Company in 1984 and, since 1994, has served as Senior Vice President with responsibility for information technology support services for both national and international operations. Prior to becoming Senior Vice President, Mr. Garner held various technical and managerial positions within the Company. In January 1996, Mr. Garner was elected to the Company's Board of Directors.

Name	Age	Principal Occupation and Other Information
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Gordon H. Loetz.....	47	Gordon H. Loetz was elected to the Company's Board of Directors in 1993 and is a member of the Audit Committee. In 1982, Mr. Loetz founded Comprehensive Financial Services, a financial investment advisory company. He currently is the President of CFS Insurance Agency, Inc.
Ernest J. Milani.....	67	Ernest J. Milani was elected to the Board of Directors of the Company in April 1996 and is a member of the Compensation Committee. From 1970 until 1996, Mr. Milani held various positions with CDI Corporation, a publicly-held provider of engineering and technical services, most recently as President of CDI Corporation Northeast and CDI Technical Services Ltd., both of which are subsidiaries of CDI Corporation.

CLASS III -- TERM EXPIRES AT THE 2000 ANNUAL MEETING

John H. Sykes.....	60	John H. Sykes has been Chairman of the Board of Directors, President and Chief Executive Officer of the Company since its inception in 1977. Previously, Mr. Sykes was Senior Vice President of CDI Corporation, a publicly-held technical services firm.
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Name	Age	Principal Occupation and Other Information
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Furman P. Bodenheimer, Jr.....	67	Furman P. Bodenheimer, Jr. was elected to the Board of Directors of the Company in 1991 and is a member of the Compensation and Stock Option Committees. Mr. Bodenheimer has been President and Chief Executive Officer of Zickgraf Enterprises, Inc. and Nantahala Lumber in Franklin, North Carolina since 1991. Prior thereto and until 1988, Mr. Bodenheimer was President of First Citizens Bank and Vice Chairman of First Citizens Mortgage Company and First Title Insurance Company. From 1988 to 1991, Mr. Bodenheimer was a consultant to financial institutions.
R. James Stroker.....	50	R. James Stroker has served as a director of the Company since 1990 and is a member of the Compensation and Stock Option Committees. Mr. Stroker is Judge of the Ninth Judicial Circuit of the State of Florida and has over 21 years of judicial experience. Mr. Stroker also serves on the Board of Directors of the University of Orlando Law School. Mr. Stroker is the son-in-law of Mr. Sykes.

**PROPOSAL 2:  
APPROVAL OF THE AMENDMENT TO THE  
1996 EMPLOYEE STOCK OPTION PLAN**

THE BOARD OF DIRECTORS RECOMMENDS THE APPROVAL OF THE AMENDMENT TO THE COMPANY'S 1996 EMPLOYEE STOCK OPTION PLAN (THE "1996 PLAN") TO INCREASE THE NUMBER OF SHARES WITH RESPECT TO WHICH OPTIONS MAY BE GRANTED TO 1,750,000 AND URGES EACH SHAREHOLDER TO VOTE "FOR" THE APPROVAL. EXECUTED AND UNMARKED PROXIES IN THE ACCOMPANYING FORM WILL BE VOTED AT THE ANNUAL MEETING IN FAVOR OF THE APPROVAL OF THE AMENDMENT.

## **GENERAL**

At the August 1, 1996 Board of Directors meeting, the Board increased the number of stock options available under the 1996 Plan from 1,050,000 to 1,750,000. The original options granted under the 1996 Plan, subject to certain restrictions, can qualify for treatment as incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"). Such treatment permits the employees to defer the recognition of income on these options until such time as the options are exercised and the underlying shares of stock are sold by the employee. The purpose of shareholder approval of the amendment to the 1996 Plan is to permit the options to purchase 700,000 shares of Common Stock added to the 1996 Plan to qualify for incentive stock option treatment pursuant to Section 422 of the Code.

## **PURPOSE**

The purpose of the 1996 Plan is to enable the Company and its subsidiaries to compete successfully in attracting, motivating and retaining employees with outstanding abilities by making it possible for them to purchase shares of Common Stock on terms which will give them a direct and continuing interest in the future success of the business of the Company and its subsidiaries.

## **SHARES SUBJECT TO OPTIONS**

As amended, the 1996 Plan permits options to be granted to purchase up to 1,750,000 shares of Common Stock. Options to purchase 601,694 shares have been granted previously. Consequently, options to purchase 1,148,306 shares of Common Stock remain eligible to be granted under the 1996 Plan. To the extent that options granted under the 1996 Plan expire or terminate without having been exercised in full, the Common Stock subject thereto will become available for further options under the 1996 Plan. Provision is made under the 1996 Plan (the "Antidilution Provisions") for appropriate adjustment in the number of shares of Common Stock covered by the 1996 Plan, and by each option granted thereunder and the related, option price, in the event of any change in the Common Stock by reason of a stock dividend, merger, reorganization, stock split, recapitalization, combination, exchange of shares or otherwise.

## **ADMINISTRATION AND DURATION OF THE 1996 PLAN**

The 1996 Plan is administered by a committee (the "Committee") of the Company's Board of Directors consisting of "disinterested persons" in accordance with the requirements of Rule 16b-3 promulgated pursuant to Section 16(b) of the Securities Exchange Act of 1934, as amended ("Rule 16b-3"). In the event of a disagreement as to the interpretation of the 1996 Plan or any amendment thereto or any rule, regulation or procedure thereunder or as to any right or obligation arising from or related to the 1996 Plan, the decision of the Committee (or, if permitted under Rule 16b-3, the decision of the Board), shall be final and binding.

upon all persons in interest. The number of shares of Common Stock subject to options granted, if any, in each year, the employees to whom stock options are granted and the terms of the stock options granted, including the number of shares of Common Stock subject to such options, shall be wholly within the discretion of the Committee, subject to the terms and conditions set forth in the 1996 Plan.

The 1996 Plan will terminate on April 30, 2006, unless sooner terminated by the Board of Directors. Upon such termination, the outstanding options granted pursuant to the 1996 Plan will remain in effect until their exercise or expiration.

The Board may at any time terminate the 1996 Plan, or amend the 1996 Plan as it shall deem advisable, including (without limiting the generality of the foregoing) any amendment deemed by the Board to be necessary or advisable to assure conformity of the 1996 Plan and any incentive stock options granted thereunder to the requirements of Section 422 of the Code, as now or hereafter in effect and to assure conformity with any requirements of other applicable state or federal laws or regulations. The Board may not, however, without the required approval by the shareholders of the Company, amend the 1996 Plan if such shareholder approval is required to comply with Rule 16b-3 or the Code.

#### **ELIGIBILITY AND EXTENT OF PARTICIPATION**

Employees eligible to receive options pursuant to the 1996 Plan are persons who are regularly employed on a salary basis by the Company or any subsidiary of the Company, including officers and employee directors of the Company or such subsidiary. No incentive stock option shall be granted to any employee who immediately after such option is granted, owns capital stock of the Company possessing more than 10% of the total combined voting power or value of all classes of capital stock of the Company unless the option price at the time such incentive stock option is granted is at least 110% of the fair market value of the shares subject to the incentive stock option and such incentive stock option is not exercisable by its terms after the expiration of five years from the date of its grant. Directors who are not also employees of the Company or a subsidiary of the Company are not eligible to participate under the 1996 Plan. An incentive stock option shall be granted under the 1996 Plan to an optionee only if the aggregate fair market value (determined as of the date the option is granted) of the Common Stock for which options are exercisable for the first time by such optionee during any calendar year does not exceed \$100,000. No participant in the 1996 Plan is eligible to receive options to purchase more than 300,000 shares of Common Stock under the 1996 Plan during any calendar year.

#### **OPTION PRICE**

Except for options granted to shareholders owning 10% or more of the voting power of all classes of the Company's capital stock as described in the preceding paragraph, the per share option price of an incentive

stock option granted or to be granted pursuant to the 1996 Plan, as determined by the Committee, shall be an amount not less than 100% of the fair market value of the Common Stock on the date that the option is granted (subject to adjustment as provided under the Antidilution Provisions). For purposes of the 1996 Plan, the "fair market value" of a share of Common Stock is defined as the average closing price of the Common Stock on an established national or regional stock exchange or automated quotation system, including, without limitation, the Nasdaq National Market, during the five trading days immediately preceding the date that the option is granted. If the Common Stock is not listed on such an exchange or quoted on such a quotation system, the fair market value of the Common Stock will be determined by the Committee.

#### **OPTION PERIOD**

The term of each option granted pursuant to the 1996 Plan shall be as determined by the Committee, but in no event shall the term of an option exceed a period of ten years from the date of its grant. In certain circumstances involving certain mergers, reorganizations, transactions involving the sale or transfer of substantially all of the assets of the Company or the acquisition of more than 50% of the Common Stock by any person or group of related persons without the prior approval of the Board, options that have been granted under the 1996 Plan shall become immediately exercisable in full.

#### **METHOD OF PAYMENT**

Payment of the option price may be made in cash or by check, or by delivery of shares of Common Stock equivalent in fair market value to the option price, or by a combination of cash and shares of Common Stock, at the election of the employee and subject to the terms of the applicable stock option agreement. In the event an optionee exercises an option by surrendering shares of Common Stock as payment of the exercise price, the 1996 Plan permits the Committee to grant a replacement option equal to the number of shares surrendered as payment.

#### **METHOD OF EXERCISE AND PAYMENT TERMS**

Subject to the terms of each stock option agreement, options granted under the 1996 Plan may be exercised in whole or in part. Upon exercise of an option, the employee must pay in full the option price for the shares of Common Stock being purchased.

#### **LIMITATIONS ON TRANSFERABILITY AND EFFECT OF DEATH OR TERMINATION OF EMPLOYMENT**

Options granted under the 1996 Plan are not transferable other than by will or by the laws of descent and distribution.

During the lifetime of an optionee, his or her option shall be exercisable only by him or her and only while continuously employed by the Company or one of its subsidiaries, or, if after termination of employment, either within (i) one month after termination of employment, other than by reason of the optionee's death, retire-



ment with the consent of the Company or such subsidiary as the case may be, or permanent disability within the meaning of Section 22(e)(3) of the Code, or (ii) three months after termination of employment if the optionee dies, retires with the appropriate consent or is permanently disabled as described above, but only if and to the extent the option was exercisable on the last day of such employment. If an optionee dies within a period during which a stock option could have been exercised by the optionee, the stock option may be exercised after his or her death by those entitled to exercise such option under the optionee's will or the laws of descent and distribution, but only if and to the extent such stock option was exercisable immediately prior to his or her death. In the discretion of the Committee, the three month period referenced above may be extended for a period of up to one year.

The above exceptions to the general rule that options granted under the 1996 Plan must be exercised during employment by the Company or one of its subsidiaries are further limited by the requirement that no option may be exercised after the expiration of such option.

## **FEDERAL INCOME TAX CONSIDERATIONS**

**Incentive Stock Options.** The holder of an option that qualifies as an incentive stock option under Section 422 of the Code generally does not recognize income for federal income tax purposes at the time of the grant or exercise of an incentive stock option (but the spread between the exercise price and the fair market value of the underlying shares on the date of exercise generally will constitute a tax preference item for purposes of the alternative minimum tax). The optionee generally will be entitled to long term capital gain treatment upon the sale of shares acquired pursuant to the exercise of an incentive stock option if the shares have been held for more than two years from the date of grant of the option and for more than one year after exercise. If the optionee disposes of the stock before the expiration of either of these holding periods (a "disqualifying disposition"), the gain realized on disposition will be compensation income to the optionee to the extent the fair market value of the underlying stock on the date of exercise (or, if less, the amount realized on disposition of the underlying stock) exceeds the applicable exercise price.

**Nonqualified Stock Options.** An optionee does not recognize income for federal income tax purposes upon the grant of a nonqualified stock option but must recognize ordinary income upon exercise to the extent of the excess of the fair market value of the underlying shares on the date of exercise over the exercise price for the option. The Company generally will be entitled to a deduction in the same amount and at the same time as ordinary income is recognized by the optionee. A subsequent disposition of the shares acquired pursuant to the exercise of a nonqualified option typically will give rise to capital gain or loss to the extent the amount realized for the sale differs from the fair market value of the shares on the date of exercise. This capital gain or loss will be a long-term gain or loss if the shares sold had been held for more than one year after the date of exercise.

**PROPOSAL 3:  
APPROVAL OF AN AMENDMENT TO THE ARTICLES OF INCORPORATION  
TO INCREASE THE AUTHORIZED COMMON STOCK TO 200,000,000 SHARES**

THE BOARD OF DIRECTORS RECOMMENDS THE APPROVAL OF AMENDING THE COMPANY'S ARTICLES OF INCORPORATION TO INCREASE THE NUMBER OF AUTHORIZED SHARES OF COMMON STOCK FROM 50,000,000 TO 200,000,000 SHARES AND URGES EACH SHAREHOLDER TO VOTE "FOR" THE AMENDMENT. EXECUTED AND UNMARKED PROXIES IN THE ACCOMPANYING FORM WILL BE VOTED AT THE ANNUAL MEETING IN FAVOR OF THE APPROVAL OF THE AMENDMENT.

**GENERAL**

The sole purpose of the amendment is to increase the number of authorized shares of Common Stock, as set forth in Section 3.1 of Article III of the Company's Articles of Incorporation, from 50,000,000 to 200,000,000. The amendment is attached to this Proxy Statement as Exhibit A.

Of the 50,000,000 shares of Common Stock presently authorized, 21,893,818 shares were issued and outstanding and 2,050,000 shares were reserved for issuance, as of the Record Date, under the 1996 Plan and the 1996 Non-Employee Director Stock Option Plan. The increase in authorized shares of Common Stock will provide shares for various purposes, including, without limitation, possible future stock splits or stock dividends, issuances from time to time in the event opportunities are presented for the acquisition of other companies, possible future public offerings or private placements, possible adoption of a rights plan, and possible future employee stock option or benefit plans. Except as otherwise indicated herein and except for 767,146 shares of Common Stock issued on March 31, 1997 to the shareholders of Info Systems of North Carolina, Inc. in connection with the acquisition of that entity by the Company, there are no understandings, agreements, plans or commitments relating to the issuance of additional shares of voting Common Stock at this time.

The Company's Board of Directors has determined that the amendment is advisable and voted to recommend it to the Company's shareholders for approval. The Board of Directors has determined, after giving due consideration to the foregoing, that the adoption of the amendment would be in the best interests of the Company and its shareholders. If the amendment is approved by the Company's shareholders, the Company will file Articles of Amendment to the Company's Articles of Incorporation to that effect with the Florida Department of State. Upon acceptance of that filing, the amendment would become effective.

In the event the amendment is approved by the shareholders and the increase in authorized shares of Common Stock becomes effective, such shares can be issued at such times and for such consideration as the Board of Directors, in its discretion, determines

without further shareholder action, except as may be required by applicable law. Because the Company's Articles of Incorporation do not provide for preemptive rights, shareholders will not have a preferential right to subscribe for their proportionate share of any new issue of stock unless so provided by the Board of Directors. Issuance of any of the proposed additional authorized shares, other than as a pro rata distribution to existing shareholders, would dilute the proportionate voting power of existing shareholders.

## **ANTI-TAKEOVER EFFECTS**

The Company does not view the amendment as part of an "anti-takeover" strategy. The amendment is not being advanced as a result of any known effort by any party to accumulate shares of the Company's Common Stock or to obtain control of the Company. Nevertheless, the amendment might have the effect of discouraging an attempt by another person or entity, through the acquisition of a substantial number of shares of the Company's Common Stock, to acquire control of the Company with a view to imposing a merger, sale of all or any part of the Company's assets or a similar transaction, because the issuance of new shares could be used to dilute the stock ownership of such person or entity. Furthermore, certain corporations have issued preferred stock or warrants or other rights to acquire preferred stock or common stock to the holders of their common stock pursuant to rights plans having terms designed to protect against the adverse consequences to shareholders of partial takeovers and front-end loaded two-step takeovers and freezeouts. The purpose of such a rights plan is to ensure that shareholders receive a fair price for their shares in the event of a takeover, by requiring any person who seeks to acquire a significant block of the corporation's stock to obtain a waiver of rights plan from its board of directors. The Company's Board of Directors is considering adopting a rights plan for the Company, and assuming that such a plan is adopted, the additional authorized and unissued shares of Common Stock contemplated by the amendment would be available for issuance pursuant thereto.

**PROPOSAL 4:  
APPROVAL OF AN AMENDMENT TO THE ARTICLES OF  
INCORPORATION AND BYLAWS TO INCREASE THE  
THRESHOLD TO CALL A SPECIAL SHAREHOLDERS' MEETING**

THE BOARD OF DIRECTORS RECOMMENDS THE APPROVAL OF AN AMENDMENT TO THE COMPANY'S ARTICLES OF INCORPORATION AND THE BYLAWS TO INCREASE THE THRESHOLD OF REQUIRED SHAREHOLDER VOTES FROM THIRTY-FIVE PERCENT (35%) TO FIFTY PERCENT (50%) FOR SHAREHOLDERS TO CALL A SPECIAL MEETING AND URGES EACH SHAREHOLDER TO VOTE "FOR" THE APPROVAL. EXECUTED AND UNMARKED PROXIES IN THE ACCOMPANYING FORM WILL BE VOTED AT THE ANNUAL MEETING IN FAVOR OF THE APPROVAL OF INCREASING THE THRESHOLD TO CALL A SPECIAL SHAREHOLDERS' MEETING.

**GENERAL**

The purpose of the amendment is to increase the number of shareholder votes from thirty-five percent (35%) to fifty percent (50%) that are needed to call a special meeting of the shareholders, as set forth in Section 5.1 of Article V of the Company's Articles of Incorporation and Section 3.2(b) of the Company's Bylaws. The amendment is attached to this Proxy Statement as Exhibit A. SEE THE DISCUSSION BELOW REGARDING THE PURPOSES AND ANTI-TAKEOVER EFFECTS OF PROPOSALS 4 AND 5.

**PROPOSAL 5:  
APPROVAL OF AN AMENDMENT TO THE  
BYLAWS TO INCREASE THE VOTING  
FOR SHAREHOLDERS TO AMEND THE BYLAWS**

THE BOARD OF DIRECTORS RECOMMENDS THE APPROVAL OF AN AMENDMENT TO THE COMPANY'S BYLAWS TO INCREASE THE VOTING REQUIREMENT FOR SHAREHOLDERS TO AMEND THE BYLAWS TO SIXTY-SIX AND TWO-THIRDS PERCENT (66 2/3%). EXECUTED AND UNMARKED PROXIES IN THE ACCOMPANYING FORM WILL BE VOTED AT THE ANNUAL MEETING IN FAVOR OF APPROVING THE INCREASED VOTING REQUIREMENT FOR SHAREHOLDERS TO AMEND BYLAWS.

**GENERAL**

The purpose of the amendment is to increase the number of shareholder votes from a majority to sixty-six and two-thirds percent (66 2/3%) that are needed to amend the Company's Bylaws, as set forth in Section 11.1 of the Bylaws. The amendment is attached to this Proxy Statement as Exhibit A.

**PURPOSES AND EFFECTS OF PROPOSALS 4 AND 5**

The Company's Board of Directors has determined that the amendments to the Company's Articles of Incorporation and Bylaws described in Proposals 4 and 5 are advisable and voted to recommend them to the Company's shareholders for approval. Proposal 4 would require that the Company call a special shareholders' meeting upon the application of share-

holders owning at least fifty percent (50%) of the stock entitled to vote at the special meeting, which is maximum percentage permitted under Florida law. Under the current Articles of Incorporation and Bylaws, the Company is required to call such a special meeting upon the application of shareholders owning thirty-five percent (35%) of the stock entitled to vote. The Company believes that such an increase limitation will avoid the time and expense of requiring the Company to hold special meetings of stockholders on the application of a minority of stockholders.

Proposal 5 would increase the shareholder vote required to amend the Bylaws from a majority to sixty-six and two-thirds percent (66 2/3%). The Company believes that this amendment will increase the probability that changes brought about by shareholders to change the Bylaws are in the best interest of the majority of shareholders. This amendment to the Bylaws also would be consistent with the 2/3 shareholder approval requirement to amend the Articles of Incorporation. In addition, the purpose of the proposed amendments is to discourage certain types of transactions that involve an actual or threatened change of control of the Company. They are designed to make it more difficult and time-consuming to change majority control of the Board and thus to reduce the vulnerability of the Company to an unsolicited proposal for the takeover of the Company or an unsolicited proposal for the restructuring or sale of all or part of the Company. As more fully described below, the Board believes that, as a general rule, such unsolicited proposals are not in the best interests of the Company and its stockholders.

#### **ANTI-TAKEOVER EFFECTS OF PROPOSALS 4 AND 5**

The proposed amendments are not the result of management's knowledge of any specific effort to accumulate the Common Stock or to obtain control of the Company by means of a merger, tender offer, solicitation in opposition to management, or otherwise. Nonetheless, Proposals 4 and 5 are being proposed at this time because the Board of Directors believes that the amendments, taken together with other provisions of the Company's Articles of Incorporation and Bylaws, would, if adopted, enhance the likelihood of continuity and stability in the composition of the Company's Board of Directors and in the policies formulated by the Board, and, at the same time, effectively reduce the possibility that a third party could effect a sudden or surprise change in majority control of the Company's Board of Directors without the support of the incumbent Board. However, the proposed amendments and other provisions in the Articles of Incorporation and Bylaws of the Company may have significant effects on the ability of shareholders of the Company to change the composition of the incumbent Board of Directors and to benefit from certain transactions which are opposed by the incumbent Board.

The Company's Articles of Incorporation and Bylaws currently contain provisions having anti-takeover effects. These provisions include

(i) the classification of the Board of Directors, (ii) supermajority voting requirements for the shareholders of the Company to amend the Articles of Incorporation, (iii) provisions authorizing the Board of Directors to issue preferred stock with rights and provisions determined by the Board of Directors, (iv) provisions preventing the removal of directors without cause and only by a supermajority vote, (v) provisions requiring unanimity for shareholders to take actions without a meeting through written consent, (vi) provisions setting forth procedures for stockholder nomination of candidates for director, and (vii) provisions requiring vacancies on the Board, including newly created directorships, to be filled by the Board and not the Company's shareholders. In addition, as discussed under Proposal 3, the Company is considering adopting a shareholder rights plan. Lastly, neither the Articles of Incorporation nor the Florida Business Corporation Act provide for cumulative voting for the Company's directors.

The proposed amendments, taken together with other provisions of the Company's Articles of Incorporation and Bylaws described above, will make more difficult or discourage a proxy contest or the assumption of control by a holder of a substantial block of the Company's stock or the removal of the incumbent Board and could thus increase the likelihood that incumbent directors will retain their positions. However, these provisions will help ensure that the Board, if confronted by a surprise proposal from a third party which has acquired a block of the Company's stock, will have sufficient time to review the proposal and alternatives thereto and, if deemed appropriate, to seek a premium price for the shareholders.

The proposed amendments and the provisions set forth above are intended to encourage persons seeking to acquire control of the Company to initiate such an acquisition through arm's length negotiations with the Company's management and Board of Directors. These provisions also could have the effect of discouraging a third party from making a tender offer or otherwise attempting to obtain control of the Company, even though such an attempt might be beneficial to the Company and its shareholders. In addition, since these provisions are designed to discourage accumulations of large blocks of the Company's stock by purchasers whose objective is to have such stock repurchased by the Company at a premium, adoption of the amendments could tend to reduce the temporary fluctuations in the market price of the Company's stock which are caused by accumulations of large blocks of the Company's stock. Accordingly, shareholders could be deprived of certain opportunities to sell their stock at a temporarily higher market price.

## **BOARD OF DIRECTORS**

### **GENERAL**

The Board of Directors held six meetings during the year ended December 31, 1996. The Board of Directors also took certain actions by unanimous written consent in lieu of a meeting, as permitted by Florida law. During 1996, the Audit Committee met two times, the Compensation Committee met three times, and the Stock Option Committee met three times. All directors attended all meetings of the Board of Directors and all committees on which they served during the year ended December 31, 1996, except Mr. Helms, who attended five of the six meetings of the Board of Directors.

### **DIRECTOR COMPENSATION**

Directors who are executive officers of the Company receive no compensation as such for service as members of either the Board of Directors or any committees of the Board. Directors who are not executive officers of the Company receive (subsequent to the Annual Meeting) an annual fee of \$5,000, payable in cash or shares of Common Stock based on the fair market value of the Common Stock on the date of payment at the election of each director, plus \$1,000 per Board and committee meeting attended. The outside directors also receive options to purchase Common Stock under the Company's 1996 Non-Employee Director Stock Option Plan.

Mr. Milani and the Company entered into a one-year consulting agreement on April 1, 1996 providing for an annual fee of \$100,000. This one year consulting agreement was renewed on the same terms effective April 1, 1997. The agreement requires Mr. Milani to provide certain technical consulting services to the Company as requested by the Company.

### **COMMITTEES OF THE BOARD**

The Board of Directors has established committees whose responsibilities are summarized as follows:

**Audit Committee.** The Audit Committee is comprised of Messrs. Helms and Loetz and is responsible for reviewing the independence, qualifications and activities of the Company's independent certified accountants and the Company's financial policies, control procedures and accounting staff. The Audit Committee recommends to the Board the appointment of the independent certified public accountants and reviews and approves the Company's financial statements. The Audit Committee is also responsible for the review of transactions between the Company and any Company officer, director or entity in which a Company officer or director has a material interest.

**Compensation Committee.** The Compensation Committee is comprised of Messrs. Bodenheimer, Milani and Stroker and is responsible for establishing the compensation of the Company's directors, officers and other managerial personnel, including

salaries, bonuses, termination arrangements, and other executive officer benefits.

Stock Option Committee. The Stock Option Committee is comprised of Messrs. Bodenheimer and Stroker and is responsible for granting stock options under the 1996 Plan.

#### **COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

The Company's Compensation Committee was established in connection with the Company's initial public offering in April 1996. The members of the Compensation Committee are Messrs. Bodenheimer, Milani and Stroker. Except for Mr. Sykes, no officer or employee of the Company has participated in deliberations of the Board of Directors concerning executive officer compensation.

Mr. Milani and the Company entered into a one-year consulting agreement on April 1, 1996 providing for an annual fee of \$100,000. This one year consulting agreement was renewed on the same terms effective April 1, 1997. The agreement requires Mr. Milani to provide certain technical consulting services to the Company as requested by the Company.

#### **SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING REQUIREMENTS**

During the year ended December 31, 1996, the executive officers and directors of the Company filed with the Securities and Exchange Commission (the "Commission") on a timely basis all required reports relating to transactions involving equity securities of the Company beneficially owned by them. The Company has relied solely on the written representation of its executive officers and directors and copies of the reports they have filed with the Commission in providing this information.



## PRINCIPAL SHAREHOLDERS

The following table sets forth certain information regarding the beneficial ownership of Common Stock as of the Record Date, with respect to: (i) each of the Company's directors; (ii) each of the Company's executive officers named in the Summary Compensation Table below; (iii) all directors and executive officers of the Company as a group; and (iv) each person known by the Company to own beneficially more than 5% of the Common Stock. Except as otherwise indicated, each of the shareholders listed below has sole voting and investment power over the shares beneficially owned.

Name -----	Beneficially Owned	
	Shares	Percent
John H. Sykes(1).....	12,507,767	57.1%
Pilgrim Baxter & Associates.....	1,338,750	6.1%
David E. Garner(2).....	--	--
John D. Gannett, Jr.(3).....	750	*
Scott J. Bendert(4).....	2,100	*
John L. Crites, Jr.(4).....	--	--
Furman P. Bodenheimer, Jr.(5).....	4,500	*
H. Parks Helms(5).....	3,000	*
Gordon H. Loetz(5).....	--	--
Ernest J. Milani(5).....	900	*
R. James Stroker(5).....	450	*
All directors and executive officers as a group (9) persons.....	12,519,467	57.2%

\* Less than 1.0%

(1) Includes the following shares over which Mr. Sykes retains voting and investment power: (i) 12,236,167 shares owned by Mr. Sykes through Jopar Investments Limited Partnership, a North Carolina limited partnership in which Mr. Sykes is the sole limited partner and the sole shareholder of the limited partnership's sole general partner, and (ii) 271,600 shares owned by various trusts for the benefit of Mr. Sykes' children. Excludes 5,300 shares owned by Mr. Sykes' wife, as to which Mr. Sykes disclaims beneficial ownership. Mr. Sykes' business address is 100 North Tampa Street, Suite 3900, Tampa, Florida 33602.

(2) Excludes 508,000 shares issuable upon exercise of nonexercisable options.

(3) Excludes 139,894 shares of Sykes Common Stock issuable upon the exercise of nonexercisable stock options.

(4) Excludes 45,000 shares of Sykes Common Stock issuable upon the exercise of nonexercisable stock options.

(5) Excludes 7,500 shares of Sykes Common Stock issuable upon the exercise of nonexercisable stock options.

## EXECUTIVE COMPENSATION

The following table sets forth certain information concerning compensation paid to or earned by the Company's President and Chief Executive Officer and each of the Company's four other most highly compensated executive officers who earned more than \$100,000 for the years ended December 31, 1996 and 1995.

### SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation		Other Annual Compensation(1)	Long-Term Compensation	All Other Compensation(2)
		Salary	Bonus		Securities Underlying Options	
John H. Sykes..... President and Chief Executive Officer	1996	\$300,000	\$150,000	\$ --	--	\$ 22,682
	1995	165,000	368,578	--	--	24,573
David E. Garner..... Senior Vice President	1996	150,000	86,600	--	--	8,488
	1995	150,000	79,166	--	762,000	9,321
John D. Gannett, Jr..... Senior Vice President(3)	1996	150,000	40,000	--	139,894	7,165
	1995	69,806	25,000	--	--	175,000
Scott J. Bendert..... Vice President-Finance, Treasurer and Chief Financial Officer	1996	107,692	50,000	--	45,000	3,235
	1995	89,716	20,000	--	--	4,257
John L. Crites, Jr..... Vice President and General Counsel(4)	1996	88,134	--	--	45,000	719
	1995	--	--	--	--	--

(1) Does not include the value of the perquisites provided to certain of the named executive officers which in the aggregate did not exceed the lesser of \$50,000 or 10% of such officer's salary and bonus.

(2) Represents contributions to the Sykes Enterprises, Incorporated Employees' Savings Plan and Trust and excess group term life insurance.

(3) Mr. Gannett rejoined the Company in July, 1995. "All Other Compensation" consists solely of payments for consulting services and pursuant to severance agreements entered into with Mr. Gannett in 1991.

(4) The information presented for Mr. Crites includes his salary and all other compensation since joining the Company during 1996.

The following table sets forth information with respect to grants of stock options during 1996 to the executive officers named in the Summary Compensation Table.

### OPTIONS GRANTED LAST YEAR

Individual Grants						
Name	Number of Securities Underlying Options Granted (#)	Percentage of Total Options Granted to Employees in 1996	Exercise or Base Price (\$/Share)	Market Price of Underlying Security on Date of Grant	Expiration Date	
-----	-----	-----	-----	-----	-----	
John H. Sykes.....	--					
David E. Garner.....	--					
John D. Gannett, Jr.....	46,631.5	7.2%	\$12.00	\$12.00	April 29, 2006	
	46,631.5	7.2%	11.33	12.00	April 29, 2006	
	46,631.5	7.2%	10.00	12.00	April 29, 2006	
	-----					
	139,894.5					
Scott J. Bendert.....	45,000	6.9%	12.00	12.00	April 29, 2006	
John L. Crites, Jr....	45,000	6.9%	12.00	12.00	April 29, 2006	
Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term(1)						
Name	0%(\$)	5%(\$)	10%(\$)			
-----	-----	-----	-----			
John H. Sykes.....						
David E. Garner.....						
John D. Gannett, Jr.....	\$ --	\$ 352,068	\$ 891,594			
	31,243	383,311	922,837			
	93,263	445,331	984,857			
	-----	-----	-----			
	124,506	1,180,710	2,799,289			
Scott J. Bendert.....		339,750	860,400			
John L. Crites, Jr....		339,750	860,400			

(1) The dollar amounts under these columns are the result of calculations at the hypothetical 5% and 10% rates set by the SEC and therefore are not intended to forecast possible future appreciation, if any, of the Company's common stock price. The option term is ten years.

The following table sets forth information with respect to the aggregate stock option exercises by the executive officers named in the Summary Compensation Table during 1996 and the year-end value of unexercised options held by such executive officers.

**AGGREGATE OPTION EXERCISES  
LAST YEAR AND YEAR-END OPTION VALUES**

Name	Shares Acquired on Exercise (#)	Value Realized	Number of Unexercised Options at Year End(#)		Value of Unexercised In-The-Money Options at Year End(1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
John H. Sykes.....	--	--	--	--	--	--
David E. Garner.....	254,000	\$10,532,533	--	508,000	--	\$16,747,067
John D. Gannett, Jr.....	--	--	--	139,894	--	3,691,776
Scott J. Bendert.....	--	--	--	45,000	--	1,147,500
John L. Crites, Jr.....	--	--	--	45,000	--	1,147,500

(1) Based upon the closing sale price of \$37.50 per share of common stock on December 31, 1996, as reported in the Nasdaq National Market.

## EMPLOYMENT AGREEMENTS

John H. Sykes. On January 1, 1996, the Company entered into an employment agreement with John H. Sykes, the Company's Chairman of the Board, President and Chief Executive Officer. The employment agreement provides for an initial term of five years with an annual base salary of \$300,000. Thereafter, the agreement automatically renews for successive two-year terms unless terminated by either party, with the base salary increasing by at least 30% subsequent to the initial term and at least 15% for any subsequent automatic renewal term. Mr. Sykes is also entitled to a performance bonus up to 100% of his base salary based on the Company's achievement of specified levels of income before income taxes as determined by the Compensation Committee and to participate in such bonus programs and other benefit plans as are generally made available to other executive officers of the Company.

If the agreement is terminated by the Company for any reason other than Mr. Sykes' death or disability or other than cause (as defined therein), the Company shall pay Mr. Sykes a one-time severance payment equal to two times the total of the full amount of Mr. Sykes' annual base salary in effect at the time of such termination plus Mr. Sykes' average annual bonus and other compensation for the prior three years (or such shorter period if the agreement is in effect for less than three years). During the two year period following termination of employment, Mr. Sykes shall not, in any area in which the Company's business is then conducted, directly or indirectly compete with the Company.

The agreement also provides for a one-time severance payment, in lieu of any other severance payment, equal to three times the total of the full amount of Mr. Sykes' annual base salary then in effect plus Mr. Sykes' average annual bonus and other compensation for the prior five years (or such shorter period of the employment agreement is in effect for less than five years) upon a "change of control" of the Company if (i) Mr. Sykes is terminated from employment prior to the end of the term of the agreement (except if terminated for cause) or (ii) Mr. Sykes elects to terminate his employment with the Company under certain circumstances. A "change of control" shall be deemed to have occurred if (i) any person (other than Mr. Sykes) beneficially owns 20% or more of the outstanding shares of voting capital stock, (ii) the sale or transfer of greater than 50% of the book value of the Company's assets, (iii) the merger, consolidation, share exchange or reorganization of the Company as a result of which the holders of all of the shares of capital stock of the Company as a group would receive less than 50% of the voting power of the capital stock of the surviving corporation, (iv) the adoption of a plan of liquidation or the approval of the dissolution of the Company, (v) the commencement of a tender offer which, if successful, would result in a change of control, or (vi) a determination by the Board of Directors in view of then current circumstances or impending events that a

change of control has occurred or is imminent.

David E. Garner. On March 1, 1996, the Company entered into a three-year employment agreement with David E. Garner, providing for an annual base salary of \$150,000. The agreement automatically renews for successive one-year terms unless terminated by either party, and provides that if the agreement is terminated for any reason other than death or disability, the Company shall pay Mr. Garner non-compete payments equal to \$150,000 per year for three years, payable in accordance with the Company's standard payment practice. Mr. Garner is prohibited from directly or indirectly competing with the Company during such three-year period in any area in which the Company's business is then conducted. The agreement also requires the Company to purchase disability insurance that will pay Mr. Garner \$150,000 per year for three years in the event of his disability and life insurance that will pay Mr. Garner's estate \$450,000 in the event of his death. Mr. Garner also is entitled to a performance bonus up to 100% of his base salary based upon the Company's achievement of specified levels of income before income taxes and upon his achievement of specified goals as determined by the Compensation Committee, and to participate in such bonus programs and other benefit plans as are generally made available to other executive officers of the Company.

John D. Gannett, Jr. On March 1, 1996, the Company also entered into a three-year employment agreement with John D. Gannett, Jr. providing for an annual base salary of \$150,000. The agreement automatically renews for successive one-year terms unless terminated by either party, and provides that if the agreement is terminated by the Company for any reason other than cause (as defined therein), the Company shall pay Mr. Gannett a non-compete payment equal to \$150,000 per year for two years, payable in accordance with the Company's standard payment practices. Mr. Gannett is prohibited from directly or indirectly competing with the Company during such two-year period in any area in which the Company's business is then conducted. The agreement provides that if it is terminated by the Company for cause, during a period of two years following termination of employment, Mr. Gannett will not, in any area in which the Company's business is then conducted, directly or indirectly compete with the Company and the Company shall then be required to pay a severance payment of \$125,000. Mr. Gannett also is entitled to a performance bonus up to 100% of his base salary based upon the Company's achievement of specified levels of income before income taxes and upon his achievement of specified goals as determined by the Compensation Committee, and to participate in such bonus programs and other benefit plans as are generally made available to other executive officers of the Company.

Scott J. Bendert. On March 1, 1996, the Company entered into a two-year employment agreement with Scott J. Bendert, providing for an annual base salary of \$110,000. The

agreement automatically renews for successive one-year terms unless terminated by either party, and provides that if the agreement is terminated for any reason other than death, disability, or cause (as defined therein), the Company shall pay Mr. Bendert a severance payment equal to \$110,000, payable in accordance with the Company's standard payment practices, in consideration of Mr. Bendert's agreement to refrain from competing directly or indirectly with the Company for a period of one year in any area in which the Company's business is then conducted. The agreement provides that if it is terminated by the Company for cause or by Mr. Bendert, during a period of one year following termination of employment, Mr. Bendert will not, in any area in which the Company's business is then conducted, directly or indirectly compete with the Company and the Company shall not be required to pay the severance payment. Mr. Bendert also is entitled to a performance bonus up to 35% of his base salary based upon the Company's achievement of specified levels of income before income taxes and upon his achievement of specified goals as determined by the Compensation Committee, and to participate in such bonus programs and other benefit plans as are generally made available to other executive officers of the Company.

## **STOCK OPTION PLANS**

The Company maintains two stock option plans to attract, motivate and retain key employees and members of the Board of Directors who are not employees of the Company. These stock option plans have been adopted by Board of Directors and were approved by the shareholders of the Company on March 1, 1996.

**1996 Employee Stock Option Plan.** The Company's 1996 Employee Stock Option Plan, as amended (the "Employee Plan"), provides for the grant of incentive or nonqualified stock options to purchase up to 1,750,000 shares of Common Stock. In 1996, the executive officers named in the Summary Compensation Table received options to purchase a total of 229,894 shares of Common Stock as follows: John D. Gannett, Jr., 139,894 shares with an exercise price as follows: (i) 33 1/3% of such shares at \$12.00 per share, (ii) 33 1/3% at \$11.33 per share, and (iii) 33 1/3% at \$10.00 per share; Scott J. Bendert, 45,000 shares with an exercise price of \$12.00 per share; and John L. Crites, Jr., 45,000 shares with an exercise price of \$12.00 per share. Certain other officers and employees of the Company hold options to purchase an additional 371,800 shares of Common Stock at a range of \$12.00 to \$46.90 per share. Such options vest ratably over the three-year period following the date of grant, except for 120,000 options granted to certain key employees, all of which are immediately exercisable.

**1996 Non-Employee Director Stock Option Plan.** The Company's 1996 Non-Employee Director Stock Option Plan, as amended (the "Non-Employee Plan"), provides for the grant of nonqualified stock options to purchase up to 300,000 shares of Common Stock to members of the Board of Directors who are not em-

ployees of the Company. Each outside director received options to purchase 7,500 shares of Common Stock at an exercise price of \$12.00 per share. Thereafter, on the date on which a new outside director is first elected or appointed, he or she shall automatically be granted options to purchase 5,000 shares of Common Stock. Each outside director also shall be granted options to purchase 5,000 shares of Common Stock annually on the day following the annual meeting of shareholders. All options granted will have an exercise price equal to the then fair market value of the Common Stock. Options shall become exercisable over a period of three years in equal amounts until a director has completed his or her initial term, whereupon all options granted prior to that time shall become exercisable, and subsequent options shall become exercisable one year after the date of grant.

## **SPLIT DOLLAR PLAN**

The Company's Split Dollar Plan (the "Split Dollar Plan") provides for benefits to certain executive officers and key employees upon retirement or death prior to retirement. For each calendar year, each participant contributes at least 2% but no more than 10% of his or her compensation during the year. The Company contributes a percentage of each participant's contribution as determined in the Company's discretion at the beginning of each year. Upon the participant's retirement, the participant shall receive his or her contributions to the Split Dollar Plan plus the vested portion of the Company's contributions. Such contributions vest ratably over a ten year period commencing on the participant's third year of service contingent upon the participant's agreement not to divulge confidential information of the Company or compete with the Company. Upon the death of the participant, the beneficiaries of the participant shall receive the death benefit payable under the life insurance policy purchased with the contributions made to the Split Dollar Plan.

## **COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION**

### **INTRODUCTION**

Under rules of the Commission, the Company is required to provide certain information concerning compensation provided to the Company's chief executive officer and its executive officers. The disclosure requirements for the executive officers include the use of tables and a report of the Committee responsible for compensation decisions for the named executive officers, explaining the rationale and considerations that led to those compensation decisions. Therefore, the Compensation Committee of the Board of Directors has prepared the following report for inclusion in this Proxy Statement.

### **COMPENSATION COMMITTEE ROLE**

#### **The Compensation Committee of the Board of Directors and the**



Stock Option Committee are responsible for separate aspects of the Company's compensation program for its executive officers, including the named executive officers. The Compensation Committee is responsible for making recommendations to the Board of Directors concerning the salaries of executive officers. The Compensation Committee is also responsible for overseeing other forms of cash compensation and benefits to other senior officers. The Compensation Committee's responsibilities include reviewing salaries, benefits and other compensation of senior officers and making recommendations to the full Board of Directors with respect to these matters. Since the completion of the Company's initial public offering, the Stock Option Committee is responsible for making stock option grants under the Company's stock option plans to executive officers of the Company. Prior to the Company's initial public offering, the Stock Option Committee made recommendations to the Board of Directors with respect to stock option grants to executive officers.

## **COMPENSATION PHILOSOPHY**

The compensation philosophy for executive officers conforms generally to the compensation philosophy followed for all of the Company's employees. The Company's compensation is designed to maintain executive compensation programs and policies that enable the Company to attract and retain the services of highly qualified executives. In addition to base salaries, executive compensation programs and policies consisting of discretionary cash bonuses and periodic grants of stock options are designed to reward and provide incentives for individual contributions as well as overall Company performance.

The Compensation Committee monitors the operation of the Company's executive compensation policies. In 1996, the Company implemented the recommendations of independent compensation consultants that were retained by the Company to assess the effectiveness of the Company's executive compensation programs by comparing the Company's compensation programs to various other companies with similar growth characteristics to those of the Company. Key elements of the Company's compensation program consists of base salary, discretionary annual cash bonuses and periodic grants of stock options. The Company's policies with respect to these elements, including the basis for the compensation awarded the Company's chief executive officer, are discussed below. While the elements of compensation described below are considered separately, the Compensation Committee takes into account the full compensation package offered by the Company to the individual, including healthcare and other insurance benefits and contributions made by the Company under the Company's Split Dollar Plan. See "Split Dollar Plan."

**Base Salaries.** The Company has established competitive annual base salaries for all executive officers, including the named executive officers. The annual base salaries for each of the Company's executive of-

ficers, including the Company's chief executive officer, reflect both the recommendations of the Company's compensation consultants and the subjective judgment of the Compensation Committee based on the consideration of the executive officer's position with the Company, the executive officer's tenure, the Company's needs, and the executive officer's individual performance, achievements and contributions to the growth of the Company.

Mr. Sykes' annual base salary as the Company's chief executive officer is currently \$300,000. The Compensation Committee believes that this annual base salary is consistent with the salary range established for this position based on the committee's discussions with outside consultants, the factors noted above and Mr. Sykes prior experience and managerial expertise, his knowledge of the Company's operations and the industry in which it operates.

**Annual Bonus.** The Company's executive officers are eligible for an annual cash bonus under the Company's Bonus Program. The Bonus Program provides for the payment of annual incentive awards to key employees, including executive officers of the Company, pursuant to a formula related to the Company's operating goals and personal performance goals.

The amount of the cash bonus to be paid to Mr. Sykes as the Company's chief executive officer under the Bonus Program is \$150,000 for the year ended December 31, 1996, and was determined in accordance with the provisions of the Bonus Program.

**Stock Options.** Under the Plans, stock options may be granted to key employees, including executive officers of the Company. Prior to the Company's initial public offering, the Stock Option Committee made recommendations to the Board of Directors with respect to the granting of stock options to employees, including executive officers of the Company, for approval or disapproval by the Board of Directors. Since the Company's initial public offering, the Plans have been administered by the Stock Option Committee in accordance with the requirements of Rule 16b-3.

Prior to the Company's initial public offering, the principal factors considered in determining the granting of stock options to executive officers of the Company were the executive officer's tenure with the Company, his or her total cash compensation for the prior year, the executive officer's acceptance of additional responsibilities and his or her contributions toward the Company's attainment of strategic goals.

During the year ended December 31, 1996, no options to purchase shares of Common Stock under the Plans were granted to Mr. Sykes.

#### SECTION 162(M) LIMITATIONS

Under Section 162(m) of the Internal Revenue Code, a tax deduction by corporate taxpayers, such as the Company, is limited with respect to the compensation of certain executive officers unless such compensation is based upon performance objectives meeting certain regulatory criteria or is otherwise excluded from the limita-

tion. Based upon the Compensation Committee's commitment to link compensation with performance as described in this report, the Compensation Committee currently intends to qualify compensation paid to the Company's executive officers for deductibility by the Company under Section 162(m).

**COMPENSATION COMMITTEE**

**FURMAN P. BODENHEIMER  
ERNEST J. MILANI  
R. JAMES STROKER**

March 21, 1997

The report of the Compensation Committee shall not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933 or under the Securities Exchange Act of 1934 (together, the "Acts"), except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.

## STOCK PRICE PERFORMANCE GRAPH

The following graph presents a comparison of the cumulative total shareholder return on the Common Stock with the cumulative total return on the Nasdaq Stock Market (U.S.) Index and the Nasdaq Computer and Data Processing Index since the Company's initial public offering on April 29, 1996. This graph assumes that \$100 was invested on April 29, 1996 in the Company's common stock, the Nasdaq Stock Market (U.S.) Index, and the Nasdaq Computer and Data Processing Index.

Measurement Period (Fiscal Year Covered)	Sykes Enterprises, Inc.	Nasdaq Stock Market (U.S.) Index	Nasdaq Computer and Data Processing Index
4/29/96	\$100.00	\$100.00	\$100.00
12/31/96	\$312.50	\$109.00	\$106.00

There can be no assurance that the Company's stock performance will continue into the future with the same or similar trends depicted in the graph above. The Company does not make or endorse any predictions as to the future stock performance.

The stock price performance graph shall not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Acts, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under the Acts.

## INDEPENDENT PUBLIC ACCOUNTANTS

The Board of Directors has appointed Coopers & Lybrand L.L.P. as the Company's independent auditors for 1997. A representative of Coopers & Lybrand L.L.P. will be present at the Annual Meeting. Such representative will be available to respond to appropriate questions and may make a statement if he so desires.

## DEADLINE FOR RECEIPT OF SHAREHOLDER PROPOSALS

Proposals which shareholders intend to present at the 1998 Annual Meeting of Shareholders must be received by the Company no later than December 11, 1997 to be eligible for inclusion in the proxy material for that meeting.

### OTHER MATTERS

Management knows of no matter to be brought before the Annual Meeting which is not referred to in the Notice of Annual Meeting. If any other matters properly come before the Annual Meeting, it is intended that the shares represented by Proxy will be voted with respect thereto in accordance with the judgment of the persons voting them.

By Order of the Board of Directors,

*/s/ Margery Bass*

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*MARGERY BASS*  
*Secretary*

## EXHIBIT A

### **AMENDMENT TO THE COMPANY'S ARTICLES OF INCORPORATION TO INCREASE AUTHORIZED SHARES OF COMMON STOCK TO 200,000,000 SHARES**

3.1 Authorized Shares. The total number of shares of all classes of capital stock that the Corporation shall have the authority to issue shall be 210,000,000 shares, of which 200,000,000 shares shall be Common Stock having a par value of \$0.01 per share ("Common Stock") and 10,000,000 shares shall be Preferred Stock having a par value of \$0.01 per share ("Preferred Stock"). The Board of Directors is expressly authorized, pursuant to section 607.0602 of the FBCA, to provide for the classification and reclassification of any unissued shares of Common Stock or Preferred Stock and the issuance thereof in one or more classes or series without the approval of the shareholders of the Corporation, all within the limitations set forth in section 607.0601 of the FBCA.

### **AMENDMENT TO THE COMPANY'S ARTICLES OF INCORPORATION TO INCREASE TO 50%**

#### **THE REQUIRED SHAREHOLDER VOTES TO CALL A SPECIAL MEETING OF SHAREHOLDERS**

5.1 Call For Special Meeting. Special meetings of the shareholders of the Corporation may be called at any time, but only by (a) the Chairman of the Board of the Corporation, (b) a majority of the directors in office, although less than a quorum, and (c) the holders of at least fifty percent (50%) of the total number of votes of the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

### **AMENDMENT TO THE COMPANY'S BYLAWS TO INCREASE TO 50%**

#### **THE REQUIRED SHAREHOLDER VOTES TO CALL A SPECIAL MEETING OF SHAREHOLDERS**

Section 3.2 Special Meetings.

(b) Call by Shareholders. The Corporation shall call a special meeting of the shareholders in the event that the holders of at least fifty percent (50%) of all of the votes entitled to vote generally in the election of directors, voting together as a single class, sign, date, and deliver to the Secretary one or more written demands for the meeting describing one or more of the purposes for which it is to be held. The Corporation shall give notice of such a special meeting within sixty days after the date that the demand is delivered to the Corporation.

**AMENDMENT TO THE COMPANY'S BYLAWS TO INCREASE  
THE VOTING REQUIREMENT FOR SHAREHOLDERS TO AMEND THE BYLAWS**

11.1 Power to Amend. These Bylaws may be amended or repealed by either the Board of Directors or the shareholders, unless the Act reserves the power to amend these Bylaws generally or any particular Bylaw provision, as the case may be, exclusively to the shareholders or unless the shareholders, in amending or repealing these bylaws generally or any particular bylaw provision, provide expressly that the Board of Directors may not amend or repeal these bylaws or such bylaw provision, as the case may be. The affirmative vote of sixty-six and two-thirds percent (66 2/3%) of the total number of votes of the then outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend these bylaws. The shareholders of the Corporation may adopt or amend a bylaw provision which fixes a greater quorum or voting requirement for shareholders (or voting groups of shareholders), with respect to this or any other section of these bylaws, than is required by the Act. The adoption or amendment of a bylaw provision that adds, changes or deletes a greater quorum or voting requirement for shareholders must meet the same quorum or voting requirement and be adopted by the same vote and voting groups required to take action under the quorum or voting requirement then in effect or proposed to be adopted, whichever is greater.

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**End of Filing**

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