SYKES ENTERPRISES INC

FORM 10-K
(Annual Report)

Filed 02/19/15 for the Period Ending 12/31/14

Address	400 NORTH ASHLEY DRIVE TAMPA, FL 33602
Telephone	8132741000
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SIC Code	7373 - Computer Integrated Systems Design
Industry	Computer Networks
Sector	Technology
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Table of Contents

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

FORM 10-K

☒ **Annual Report Pursuant To Section 13 Or 15(d) Of The Securities Exchange Act Of 1934**

For the fiscal year ended December 31, 2014

Or

☐ **Transition Report Pursuant To Section 13 Or 15(d) Of The Securities Exchange Act Of 1934**

For The Transition Period From _____To _____

Commission File Number 0-28274

Sykes Enterprises, Incorporated
(Exact name of registrant as specified in its charter)

Florida **(State or other jurisdiction of incorporation or organization)**	**56-1383460** **(IRS Employer Identification No.)**
400 N. Ashley Drive, Suite 2800, Tampa, Florida **(Address of principal executive offices)**	**33602** **(Zip Code)**

(813) 274-1000
(Registrant's telephone number, including area code)

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

Title of Each Class	Name of each exchange on which registered
Common Stock $.01 Par Value	**NASDAQ Stock Market, LLC**

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐

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

The aggregate market value of the shares of voting common stock held by non-affiliates of the Registrant computed by reference to the closing sales price of such shares on the NASDAQ Global Select Market on June 30, 2014, the last business day of the Registrant's most recently completed second fiscal quarter, was $920,160,566.

As of February 6, 2015, there were 43,291,264 outstanding shares of common stock.

DOCUMENTS INCORPORATED BY REFERENCE:

Documents	Form 10-K Reference
Portions of the Proxy Statement for the year 2015 Annual Meeting of Shareholders	Part III Items 10–14

TABLE OF CONTENTS

PART I

Item 1. Business

General

Sykes Enterprises, Incorporated and consolidated subsidiaries ("SYKES," "our," "us" or "we") is a global leader in providing comprehensive outsourced customer contact management solutions and services in the business process outsourcing ("BPO") arena. We provide an array of sophisticated customer contact management solutions to a wide range of clients including Fortune 1000 companies, medium-sized businesses and public institutions around the world, primarily in the communications, financial services, technology/consumer, transportation and leisure, healthcare and other industry verticals. We serve our clients through two geographic operating regions: the Americas (United States, Canada, Latin America, Australia and the Asia Pacific Rim) and EMEA (Europe, the Middle East and Africa). Our Americas and EMEA groups primarily provide customer contact management services (with an emphasis on inbound technical support and customer service), which includes customer assistance, healthcare and roadside assistance, technical support and product sales to our clients' customers. These services are delivered through multiple communication channels including phone, e-mail, social media, text messaging and chat. We also provide various enterprise support services in the United States that include services for our clients' internal support operations, from technical staffing services to outsourced corporate help desk services. In Europe, we also provide fulfillment services including order processing via the Internet and phone, inventory control, product delivery and product returns handling. (See Note 27, Segments and Geographic Information, of the accompanying "Notes to Consolidated Financial Statements" for further information on our segments.) Our complete service offering helps our clients acquire, retain and increase the lifetime value of their customer relationships. We have developed an extensive global reach with customer contact management centers across six continents, including North America, South America, Europe, Asia, Australia and Africa. We deliver cost-effective solutions that enhance the customer service experience, promote stronger brand loyalty, and bring about high levels of performance and profitability.

SYKES was founded in 1977 in North Carolina and we moved our headquarters to Florida in 1993. In March 1996, we changed our state of incorporation from North Carolina to Florida. Our headquarters are located at 400 North Ashley Drive, Suite 2800, Tampa, Florida 33602, and our telephone number is (813) 274-1000.

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports, as well as our proxy statements and other materials which are filed with, or furnished to, the Securities and Exchange Commission ("SEC") are made available, free of charge, on or through our Internet website at www.sykes.com (click on "Company" then "Investor Relations" and then "SEC Filings" under the heading "Financial Reports and Filings") as soon as reasonably practicable after they are filed with, or furnished to, the SEC.

Industry Overview

The customer contact management industry is highly fragmented and significant in size. According to Ovum, an industry research firm, the total number of individuals, or agent positions, working in the customer contact management industry worldwide was estimated at roughly 9.6 million in 2014. With approximately 80% of the customer contact work done by in-house contact centers, the number of agent positions working for outsourcers such as SYKES, was estimated at 2.0 million in 2014. Both the outsourced and total agent positions are forecasted by Ovum to grow at compound annual growth rate of 5.1% and 2.9%, respectively, from 2014 to 2018. It is estimated that no single outsourcer has more than five percent of the total agent positions worldwide. Measured in dollar terms, the size of the outsourced portion of the customer contact management industry worldwide was estimated at approximately $64 billion in 2014, according to International Data Corporation ("IDC"), an industry research firm. IDC also estimates that the outsourced portion of the customer contact industry is expected to grow to approximately $81 billion by 2018, a compound annual growth rate of 6.1% from 2014 to 2018.

We believe that growth for outsourced customer contact management solutions and services will be fueled by the trend of global Fortune 1000 companies and medium-sized businesses utilizing outsourcers. In today's marketplace, companies require innovative customer contact management solutions that allow them to enhance the end user's experience with their products and services, strengthen and enhance their company brands, maximize the lifetime value of their customers, efficiently and effectively deliver human interaction when customers value it most, and deploy best-in-class customer management strategies, processes and technologies. However, a myriad of factors, among them intense global competition, pricing pressures, softness in the global economy and rapid changes in technology, continue to make it difficult for companies to cost-effectively maintain the in-house personnel necessary to handle all of their customer contact management needs.

To address these needs, we offer comprehensive global customer contact management solutions that leverage both brick-and-mortar and virtual at-home agent delivery infrastructure. We provide consistent high-value support for our clients' customers across the globe in a multitude of languages, leveraging our dynamic, secure communications infrastructure and our global footprint that reaches across 21 countries. This global footprint includes established brick-and-mortar operations in both onshore and offshore geographies where companies have access to high-quality customer contact management solutions at lower costs compared to other markets. We further complement our brick-and-mortar global delivery model with a highly differentiated and ready-made best-in-class virtual at-home agent delivery model, which we acquired through the Alpine Access, Inc. ("Alpine") acquisition in August of 2012. By working in partnership with outsourcers, companies can ensure that the crucial task of retaining and growing their customer base is addressed while creating operating flexibility, enabling focus on their core competencies, ensuring service excellence and execution, achieving cost savings through a variable cost structure, leveraging scale, entering niche markets speedily, and efficiently allocating capital within their organizations.

Business Strategy

Broadly speaking, our value proposition to our clients is that of a trusted partner, which provides proven customer service solutions to Fortune 1000 companies that drive differentiation, brand loyalty and increased lifetime value of end customer relationships. By outsourcing their customer service solutions to us, clients are able to achieve designs of exceptional customer experience and drive tangible business impact with enhanced operational flexibility, lower operating costs and faster speed to market, all of which are at the center of our value proposition. At a tactical level, we deliver on this value proposition through consistent delivery of operational and client excellence. Our business strategy is to leverage this value proposition in order to capitalize on and increase our share of the large and underpenetrated addressable market opportunity for customer contact management services worldwide. We believe through successful execution of our business strategy, we could generate a healthy level of revenue growth and drive targeted long-term operating margins. To deliver on our long-term growth potential and operating margin objectives, we need to manage the key levers of our business strategy, the principles of which include the following:

Build Long-Term Client Relationships Through Customer Service Excellence. We believe that providing high-value, high-quality service is critical in our clients' decisions to outsource and in building long-term relationships with our clients. To ensure service excellence and consistency across each of our centers globally, we leverage a portfolio of techniques, including SYKES Science of Service ®. This standard is a compilation of more than 30 years of experience and best practices. Every customer contact management center strives to meet or exceed the standard, which addresses leadership, hiring and training, performance management down to the agent level, forecasting and scheduling, and the client relationship including continuous improvement, disaster recovery plans and feedback.

Increasing Share of Seats Within Existing Clients and Winning New Clients . We provide customer contact management support to numerous multinational companies. With this client list, we have the opportunity to grow our client base. We strive to achieve this by winning a greater share of our clients' in-house seats as well as gaining share from our competitors by providing consistently high-quality service as clients continue to consolidate their vendor base. In addition, as we further leverage our highly differentiated virtual at-home agent delivery capability internationally, using our knowledge of verticals and business lines, we plan to win new clients as a way to broaden our base of growth.

Diversifying Verticals and Expanding Service Lines. To mitigate the impact of any negative economic and product cycles on our growth rate, we continue to seek ways to diversify into verticals and service lines that have countercyclical features and healthy growth rates. We are targeting the following verticals for growth: communications, financial services, technology/consumer, healthcare and retail. These verticals cover various business lines, including wireless services, broadband, retail banking, credit card/consumer fraud protection, content moderation, telemedicine and soft and hard good retailers.

Maximizing Capacity Utilization Rates and Strategically Adding Seat Capacity. Revenues and profitability growth are driven by increasing the capacity utilization rate in conjunction with seat capacity additions. We plan to sustain our focus on increasing the capacity utilization rate by further penetrating existing clients, adding new clients and rationalizing underutilized seat capacity as deemed necessary. With greater operating flexibility resulting from the Alpine acquisition, we can rationalize underutilized capacity more efficiently and drive capacity utilization rates.

Broadening At-Home Agent and Brick-and-Mortar Global Delivery Footprint. Just as increased capacity utilization rates and increased seat capacity are key drivers of our revenues and profitability growth, where we deploy both the seat capacity and the virtual at-home agent delivery platform geographically is also important. By broadening and continuously strengthening our brick-and-mortar global delivery footprint and our virtual at-home agent delivery platform, we are able to meet both our existing and new clients' customer contact management needs globally as they enter new markets. At the end of 2014, our global delivery brick-and-mortar footprint spanned 21 countries while our virtual at-home agent delivery platform spanned 40 states and eight provinces within the U.S. and Canada, respectively.

Creating Value-Added Service Enhancements. To improve both revenue and margin expansion, we will continue to introduce new service offerings and add-on enhancements. Multilingual customer support, sales and marketing, and back office services are examples of horizontal service offerings, while data analytics and process improvement products are examples of add-on enhancements. Additionally, with the rapid emergence of on-line communities, such as Facebook and Twitter, we continue to make on-going investments in our social media service offerings, which can be leveraged across both our brick-and-mortar and virtual at-home agent delivery platforms.

Continue to Grow Our Business Organically and through Acquisitions. We have grown our customer contact management outsourcing operations utilizing a strategy of both internal organic growth and external acquisitions. Our organic growth and acquisition strategy is to target markets, clients, verticals, delivery geographies and service mix that will expand our addressable market opportunity, and thus drive our organic growth. Entry into The Philippines, El Salvador, Romania and, recently, Colombia are examples of how we leveraged these delivery geographies to further penetrate our base of both existing and new clients, verticals and service mix in order to drive organic growth. While the Alpine acquisition is an example of how we used an acquisition to augment and differentiate our delivery model, the ICT Group, Inc. ("ICT") acquisition is an example of how we used an acquisition to gain overall size and critical mass in key verticals, clients and geographies.

Continuing to Focus on Expanding the Addressable Market Opportunities . As part of our growth strategy, we continually seek to expand the number of markets we serve. The United States, Canada and Germany, for instance, are markets which are served by in-country centers, centers in offshore regions or a combination thereof. We continually seek ways to broaden the addressable market for our customer contact management services. We currently operate in 15 markets.

Services

We specialize in providing inbound outsourced customer contact management solutions in the BPO arena on a global basis. Our customer contact management services are provided through two reportable segments — the Americas and EMEA. The Americas region, representing 80.7% of consolidated revenues in 2014, includes the United States, Canada, Latin America, Australia and the Asia Pacific Rim. The sites within Latin America and the Asia Pacific Rim are included in the Americas region as they provide a significant service delivery vehicle for U.S.-based companies that are utilizing our customer contact management solutions in these locations to support their customer care needs. In addition, the Americas region also includes revenues from our virtual at-home agent delivery solution, which serves markets in both the U.S. and Canada. The EMEA region, representing 19.3% of consolidated revenues in 2014, includes Europe, the Middle East and Africa. See Note 27, Segments and Geographic Information, of the accompanying "Notes to Consolidated Financial Statements" for further information on our segments. The following is a description of our customer contact management solutions:

Outsourced Customer Contact Management Services. Our outsourced customer contact management services represented approximately 98.2% of total 2014 consolidated revenues. Each year, we handle over 250 million customer contacts including phone, e-mail, social media, text messaging and chat throughout the Americas and EMEA regions. We provide these services utilizing our advanced technology infrastructure, human resource management skills and industry experience. These services include:

- Customer care — Customer care contacts primarily include product information requests, describing product features, activating customer accounts, resolving complaints, cross-selling/up-selling, handling billing inquiries, changing addresses, claims handling, ordering/reservations, prequalification and warranty management, providing health information and roadside assistance;

- Technical support — Technical support contacts primarily include handling inquiries regarding hardware, software, communications services, communications equipment, Internet access technology and Internet portal usage; and

- Customer acquisition — Our customer acquisition services are primarily focused on inbound and outbound up-selling of our clients' products and services.

We provide these services, primarily inbound customer calls, through our extensive global network of customer contact management centers in many languages. Our technology infrastructure and managed service solutions allow for effective distribution of calls to one or more centers. These technology offerings provide our clients and us with the leading edge tools needed to maximize quality and customer satisfaction while controlling and minimizing costs.

Fulfillment Services. In Europe, we offer fulfillment services that are integrated with our customer care and technical support services. Our fulfillment solutions include order processing via the Internet and phone, inventory control, product delivery and product returns handling.

Enterprise Support Services. In the United States, we provide a range of enterprise support services including technical staffing services and outsourced corporate help desk solutions.

Operations

Customer Contact Management Centers. We operate across 21 countries in 67 customer contact management centers, which breakdown as follows: 18 centers across Europe and Egypt, 21 centers in the United States, six centers in Canada, four centers in Australia and 18 centers offshore, including the People's Republic of China, The Philippines, Costa Rica, El Salvador, India, Mexico and Brazil. In addition to our customer contact management centers, we employ approximately 8,700 at-home customer contact agents across 40 states in the U.S. and across eight provinces in Canada.

We utilize a sophisticated workforce management system to provide efficient scheduling of personnel. Our internally developed digital private communications network complements our workforce by allowing for effective call volume management and disaster recovery backup. Through this network and our dynamic intelligent call routing capabilities, we can rapidly respond to changes in client call volumes and move call volume traffic based on agent availability and skill throughout our network of centers, improving the responsiveness and productivity of our agents. We also can offer cost competitive solutions for taking calls to our offshore locations.

Our data warehouse captures and downloads customer contact information for reporting on a daily, real-time and historical basis. This data provides our clients with direct visibility into the services that we are providing for them. The data warehouse supplies information for our performance management systems such as our agent scorecarding application, which provides us with the information required for effective management of our operations.

Our customer contact management centers are protected by a fire extinguishing system, backup generators with significant capacity and 24 hour refueling contracts and short-term battery backups in the event of a power outage, reduced voltage or a power surge. Rerouting of call volumes to other customer contact management centers is also available in the event of a telecommunications failure, natural disaster or other emergency. Security measures are imposed to prevent unauthorized physical access. Software and related data files are backed up daily and stored off site at multiple locations. We carry business interruption insurance covering interruptions that might occur as a result of certain types of damage to our business.

Fulfillment Centers. We currently have two fulfillment centers located in Europe. We provide our fulfillment services primarily to certain clients operating in Europe who desire this complementary service in connection with outsourced customer contact management services.

Enterprise Support Services Office. Our enterprise support services office, located in a metropolitan area in the United States, provides recruitment services for high-end knowledge workers, a local presence to service major accounts, and outsourced corporate help desk solutions.

Sales and Marketing

Our sales and marketing objective is to leverage our vertical expertise and global presence to develop long-term relationships with existing and future clients. Our customer contact management solutions have been developed to help our clients acquire, retain and increase the value of their customer relationships. Our plans for increasing our visibility and impacting the market include participation in market-specific industry associations, trade shows and seminars, content marketing to industry leading corporations, and consultative personal visits and solution designs.

We research and publish thought provoking perspectives on key industry issues, and use forums speaking engagements, articles and white papers, as well as our website and digital presence to establish our leadership position in the market.

Our sales force is composed of business development managers who pursue new business opportunities and strategic account managers who manage and grow relationships with existing accounts. We emphasize account development to strengthen relationships with existing clients. Business development management and strategic account managers are assigned to markets in their area of expertise in order to develop a complete understanding of each client's particular needs, to form strong client relationships and encourage cross-selling of our other service offerings. We have inside customer sales representatives who receive customer inquiries and who provide pre-sales relationship development for the business development managers. We use a methodical approach to collecting client feedback through quarterly business reviews, annual strategic reviews, and through our bi-annual Voice of the Client program, which enables us to react to early warning signs, and quickly identify and remedy challenges. It also is used to highlight our most loyal clients, who we then work with to provide references, testimonials and joint speaking engagements at industry conferences.

As part of our marketing efforts, we invite existing and potential clients to experience our customer contact management centers and virtual at-home agent delivery operations, where we can demonstrate the expertise of our skilled staff in partnering to deliver new ways of growing clients' customer satisfaction and retention rates, and thus profit, through timely, insightful and proven solutions. This forum allows us to demonstrate our capabilities to design, launch and scale programs. It also allows us to illustrate our best innovations in talent management, analytics, and digital channels, and how they can be best integrated into a program's design.

Clients

We provide service to clients from our locations in the United States, Canada, Latin America, Australia, the Asia Pacific Rim, Europe and Africa. These clients are Fortune 1000 corporations, medium-sized businesses and public institutions, which span the communications, financial services, technology/consumer, transportation and leisure, healthcare and other industries. Revenue by industry vertical for 2014, as a percentage of our consolidated revenues, was 38% for communications, 24% for financial services, 17% for technology/consumer, 8% for transportation and leisure, 5% for healthcare, 2% for retail and 6% for all other verticals, including government and utilities. We believe our globally recognized client base presents opportunities for further cross marketing of our services.

Total revenues by segment from AT&T Corporation, a major provider of communication services for which we provide various customer support services, were as follows (in thousands):

	Years Ended December 31,					
	2014		2013		2012	
	Amount	% of Revenues	Amount	% of Revenues	Amount	% of Revenues
Americas	**$212,607**	**19.9%**	$162,888	15.5%	$130,072	13.7%
EMEA	**3,519**	**1.4%**	3,513	1.7%	3,018	1.7%
	$216,126	**16.3%**	$166,401	13.2%	$133,090	11.8%

We have multiple distinct contracts with AT&T spread across multiple lines of businesses, which expire at varying dates between 2015 and 2017. We have historically renewed most of these contracts. However, there is no assurance that these contracts will be renewed, or if renewed, will be on terms as favorable as the existing contracts. Each line of business is governed by separate business terms, conditions and metrics. Each line of business also has a separate decision maker such that a loss of one line of business would not necessarily impact our relationship with the client and decision makers on other lines of business. The loss of (or the failure to retain a significant amount of business with) any of our key clients, including AT&T, could have a material adverse effect on our performance. Many of our contracts contain penalty provisions for failure to meet minimum service levels and are cancelable by the client at any time or on short notice. Also, clients may unilaterally reduce their use of our services under our contracts without penalty.

Table of Contents

Total revenues by segment from our next largest client, which was in the financial services vertical in each of the years, were as follows (in thousands):

	Years Ended December 31,					
	2014		2013		2012	
	Amount	% of Revenues	Amount	% of Revenues	Amount	% of Revenues
Americas	**$70,255**	**6.6%**	$73,226	7.0%	$70,311	7.4%
EMEA	**—**	**0.0%**	—	0.0%	—	0.0%
	$70,255	**5.3%**	$73,226	5.8%	$70,311	6.2%

Other than AT&T, total revenues by segment of our clients that each individually represent 10% or greater of that segment's revenues in each of the years were as follows (in thousands):

	Years Ended December 31,					
	2014		2013		2012	
	Amount	% of Revenues	Amount	% of Revenues	Amount	% of Revenues
Americas	**$ —**	**0.0%**	$ —	0.0%	$ —	0.0%
EMEA	**79,811**	**31.1%**	55,123	25.9%	33,063	18.3%
	$79,811	**6.0%**	$55,123	4.4%	$33,063	2.9%

Our top ten clients accounted for approximately 46.8%, 45.9% and 47.8% of our consolidated revenues during the years ended December 31, 2014, 2013 and 2012, respectively.

Competition

The industry in which we operate is global and, therefore, highly fragmented and extremely competitive. While many companies provide customer contact management solutions and services, we believe no one company is dominant in the industry.

In most cases, our principal competition stems from our existing and potential clients' in-house customer contact management operations. When it is not the in-house operations of a client or potential client, our public and private direct competition includes 24/7 Customer, Alorica, Arise, Atento, Concentrix, Convergys, Expert Global Solutions, iQor, LiveOps, Sitel, StarTek, Sutherland, Teleperformance, TeleTech, Transcom and Working Solutions, as well as the customer care arm of such companies as Accenture, Infosys, Mahindra Satyam, Wipro and Xerox, among others. There are other numerous and varied providers of such services, including firms specializing in various CRM consulting, other customer management solutions providers, niche or large market companies, as well as product distribution companies that provide fulfillment services. Some of these companies possess substantially greater resources, greater name recognition and a more established customer base than we do.

We believe that the most significant competitive factors in the sale of outsourced customer contact management services include service quality, tailored value-added service offerings, industry experience, advanced technological capabilities, global coverage, reliability, scalability, security, price and financial strength. As a result of intense competition, outsourced customer contact management solutions and services frequently are subject to pricing pressure. Clients also require outsourcers to be able to provide services in multiple locations. Competition for contracts for many of our services takes the form of competitive bidding in response to requests for proposal.

Intellectual Property

The success of our business depends, in part, on our proprietary technology and intellectual property. We rely on a combination of intellectual property laws and contractual arrangements to protect our intellectual property. We and our subsidiaries have registered various trademarks and service marks in the U.S. and/or other countries, including SYKES ®, REAL PEOPLE. REAL SOLUTIONS ®, SYKES HOME ®, SYKES HOME POWERED BY ALPINE ACCESS ®, SCIENCE OF SERVICE ® and ALPINE ACCESS ®. The duration of trademark and service mark registrations varies from country to country but may generally be renewed indefinitely as long as the marks are in use and their registrations are properly maintained. Our subsidiary, Alpine, was issued U.S. Patent No. 8,565,413 in 2013 which relates to a system and method for establishment and management of a remote agent call center. Alpine has several additional pending U.S. patent applications.

Employees

As of January 31, 2015, we had approximately 50,450 employees worldwide, including 37,800 customer contact agents handling technical and customer support inquiries at our centers, 8,700 at-home customer contact agents handling technical and customer support inquiries, 3,800 in management, administration, information technology, finance, sales and marketing roles, 30 in enterprise support services and 120 in fulfillment services. Our employees, with the exception of approximately 700 employees in Brazil and various European countries, are not union members and we have never suffered a material interruption of business as a result of a labor dispute. We consider our relations with our employees worldwide to be satisfactory.

We employ personnel through a continually updated recruiting network. This network includes a seasoned team of recruiters, competency-based selection standards and the sharing of global best practices in order to advertise and source qualified candidates through proven recruiting techniques. Nonetheless, demand for qualified professionals with the required language and technical skills may still exceed supply at times as new skills are needed to keep pace with the requirements of customer engagements. As such, competition for such personnel is intense. Additionally, employee turnover in our industry is high.

Executive Officers

The following table provides the names and ages of our executive officers, and the positions and offices currently held by each of them:

Name	Age	Principal Position
Charles E. Sykes	52	President and Chief Executive Officer and Director
John Chapman	48	Executive Vice President and Chief Financial Officer
Lawrence R. Zingale	58	Executive Vice President, General Manager of Major Markets
Andrew J. Blanchard	57	Executive Vice President, Financial Services, Healthcare and Retail
Jenna R. Nelson	51	Executive Vice President, Human Resources
David L. Pearson	56	Executive Vice President and Chief Information Officer
James T. Holder	56	Executive Vice President, General Counsel and Corporate Secretary
William N. Rocktoff	52	Global Vice President and Corporate Controller

Charles E. Sykes joined SYKES in 1986 and was named President and Chief Executive Officer and Director in August 2004. From July 2003 to August 2004, Mr. Sykes was the Chief Operating Officer. From March 2000 to June 2001, Mr. Sykes was Senior Vice President, Marketing, and in June 2001, he was appointed to the position of General Manager, Senior Vice President — the Americas. From December 1996 to March 2000, he served as Vice President, Sales, and held the position of Regional Manager of the Midwest Region for Professional Services from 1992 until 1996.

John Chapman, F.C.C.A, joined SYKES in September 2002 as Vice President, Finance, managing the EMEA finance function and was named Senior Vice President, EMEA Global Region in January 2012, adding operational responsibility. In April 2014, he was named Executive Vice President and Chief Financial Officer. Prior to joining SYKES, Mr. Chapman served as financial controller for seven years for Raytheon UK.

Lawrence R. Zingale joined SYKES in January 2006 as Senior Vice President, Global Sales and Client Management. In May 2010, he was named Executive Vice President, Global Sales and Client Management and in September 2012, he was named Executive Vice President and General Manager of Major Markets. Prior to joining SYKES, Mr. Zingale served as Executive Vice President and Chief Operating Officer of StarTek, Inc. since 2002. From December 1999 until November 2001, Mr. Zingale served as President of the Americas at Stonehenge Telecom, Inc. From May 1997 until November 1999, Mr. Zingale served as President and Chief Operating Officer of International Community Marketing. From February 1980 until May 1997, Mr. Zingale held various senior level positions at AT&T.

Andrew J. Blanchard joined SYKES in November 2014 as Executive Vice President, Financial Services, Healthcare and Retail. From 2013 until his joining SYKES, Mr. Blanchard served as Managing Partner at Avasant, a globally ranked third-party advisory and consulting firm. Prior to 2013, Mr. Blanchard had a 30-year career at Accenture, formerly Andersen Consulting, working across the organization in various leadership roles; subsequently being named Managing Director of a new division, which focused on the global customer contact management industry.

Jenna R. Nelson joined SYKES in August 1993 and was named Senior Vice President, Human Resources, in July 2001. In May 2010, she was named Executive Vice President, Global Human Resources. From January 2001 until July 2001, Ms. Nelson held the position of Vice President, Human Resources. In August 1998, Ms. Nelson was appointed Vice President, Human Resources, and held the position of Director, Human Resources and Administration, from August 1996 to July 1998. From August 1993 until July 1996, Ms. Nelson served in various management positions within SYKES, including Director of Administration.

David L. Pearson joined SYKES in February 1997 as Vice President, Engineering, and was named Vice President, Technology Systems Management, in 2000 and Senior Vice President and Chief Information Officer in August 2004. In May 2010, he was named Executive Vice President and Chief Information Officer. Prior to SYKES, Mr. Pearson held various engineering and technical management roles over a fifteen year period, including eight years at Compaq Computer Corporation and five years at Texas Instruments.

James T. Holder, J.D., joined SYKES in December 2000 as General Counsel and was named Corporate Secretary in January 2001, Vice President in January 2004 and Senior Vice President in December 2006. In May 2010, he was named Executive Vice President. From November 1999 until November 2000, Mr. Holder served in a consulting capacity as Special Counsel to Checkers Drive-In Restaurants, Inc., a publicly held restaurant operator and franchisor. From November 1993 until November 1999, Mr. Holder served in various capacities at Checkers including Corporate Secretary, Chief Financial Officer and Senior Vice President and General Counsel.

William N. Rocktoff, C.P.A., joined SYKES in August 1997 as Corporate Controller and was named Treasurer and Corporate Controller in December 1999 and Vice President and Corporate Controller in March 2002. In January 2011, he was named Global Vice President and Corporate Controller. From November 1989 to August 1997, Mr. Rocktoff held various financial positions, including Corporate Controller, at Kimmins Corporation, a publicly-held contracting company.

Item 1A. Risk Factors

Factors Influencing Future Results and Accuracy of Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995) that are based on current expectations, estimates, forecasts, and projections about us, our beliefs, and assumptions made by us. In addition, we may make other written or oral statements, which constitute forward-looking statements, from time to time. Words such as “may,” “expects,” “projects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” variations of such words, and similar expressions are intended to identify such forward-looking statements. Similarly, statements that describe our future plans, objectives or goals also are forward-looking statements. These statements are not guarantees of future performance and are subject to a number of risks and uncertainties, including those discussed below and elsewhere in this Annual Report on Form 10-K. Our actual results may differ materially from what is expressed or forecasted in such forward-looking statements, and undue reliance should not be placed on such statements. All forward-looking statements are made as of the date hereof, and we undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Factors that could cause actual results to differ materially from what is expressed or forecasted in such forward-looking statements include, but are not limited to: the marketplace’s continued receptivity to our terms and elements of services offered under our standardized contract for future bundled service offerings; our ability to continue the growth of our service revenues through additional customer contact management centers; our ability to further penetrate into vertically integrated markets; our ability to expand revenues within the global markets; our ability to continue to establish a competitive advantage through sophisticated technological capabilities, and the following risk factors:

Risks Related to Our Business and Industry

Unfavorable general economic conditions could negatively impact our operating results and financial condition.

Unfavorable general economic conditions could negatively affect our business. While it is often difficult to predict the impact of general economic conditions on our business, these conditions could adversely affect the demand for some of our clients' products and services and, in turn, could cause a decline in the demand for our services. Also, our clients may not be able to obtain adequate access to credit, which could affect their ability to make timely payments to us. If that were to occur, we could be required to increase our allowance for doubtful accounts, and the number of days outstanding for our accounts receivable could increase. In addition, we may not be able to renew our revolving credit facility at terms that are as favorable as those terms available under our current credit facility. Also, the group of lenders under our credit facility may not be able to fulfill their funding obligations, which could adversely impact our liquidity. For these reasons, among others, if unfavorable economic conditions persist or decline, this could adversely affect our revenues, operating results and financial condition, as well as our ability to access debt under comparable terms and conditions.

Our business is dependent on key clients, and the loss of a key client could adversely affect our business and results of operations.

We derive a substantial portion of our revenues from a few key clients. Our top ten clients accounted for approximately 46.8% of our consolidated revenues in 2014. The loss of (or the failure to retain a significant amount of business with) any of our key clients could have a material adverse effect on our business, financial condition and results of operations. Many of our contracts contain penalty provisions for failure to meet minimum service levels and are cancelable by the client at any time or on short-term notice. Also, clients may unilaterally reduce their use of our services under these contracts without penalty. Thus, our contracts with our clients do not ensure that we will generate a minimum level of revenues.

Cyber-attacks as well as improper disclosure or control of personal information could result in liability and harm our reputation, which could adversely affect our business and results of operations.

Our business is heavily dependent upon our computer and voice technologies, systems and platforms. Internal or external attacks on any of those could disrupt the normal operations of our call centers and impede our ability to provide critical services to our clients, thereby subjecting us to liability under our contracts. Additionally, our business involves the use, storage and transmission of information about our employees, our clients and customers of our clients. While we take measures to protect the security of, and unauthorized access to our systems, as well as the privacy of personal and proprietary information, it is possible that our security controls over our systems, as well as other security practices we follow, may not prevent the improper access to or disclosure of personally identifiable or proprietary information. Such disclosure could harm our reputation and subject us to liability under our contracts and laws that protect personal data, resulting in increased costs or loss of revenue. Further, data privacy is subject to frequently changing rules and regulations, which sometimes conflict among the various jurisdictions and countries in which we provide services. Our failure to adhere to or successfully implement processes in response to changing regulatory requirements in this area could result in legal liability or impairment to our reputation in the marketplace, which could have a material adverse effect on our business, financial condition and results of operations.

Our business is subject to substantial competition.

The markets for many of our services operate on a commoditized basis and are highly competitive and subject to rapid change. While many companies provide outsourced customer contact management services, we believe no one company is dominant in the industry. There are numerous and varied providers of our services, including firms specializing in call center operations, temporary staffing and personnel placement, consulting and integration firms, and niche providers of outsourced customer contact management services, many of whom compete in only certain markets. Our competitors include both companies who possess greater resources and name recognition than we do, as well as small niche providers that have few assets and regionalized (local) name recognition instead of global name recognition. In addition to our competitors, many companies who might utilize our services or the services of one of our competitors may utilize in-house personnel to perform such services. Increased competition, our failure to compete successfully, pricing pressures, loss of market share and loss of clients could have a material adverse effect on our business, financial condition and results of operations.

Many of our large clients purchase outsourced customer contact management services from multiple preferred vendors. We have experienced and continue to anticipate significant pricing pressure from these clients in order to remain a preferred vendor. These companies also require vendors to be able to provide services in multiple locations. Although we believe we can effectively meet our clients' demands, there can be no assurance that we will be able to compete effectively with other outsourced customer contact management services companies on price. We believe that the most significant competitive factors in the sale of our core services include the standard requirements of service quality, tailored value-added service offerings, industry experience, advanced technological capabilities, global coverage, reliability, scalability, security, price and financial strength.

The concentration of customer support centers in certain geographies poses risks to our operations which could adversely affect our financial condition.

Although we have call centers in many locations throughout the world, we have a concentration of centers in certain geographies outside of the U.S. and Canada, specifically The Philippines and Latin America. Our concentration of operations in those geographies is a result of our ability to access significant numbers of employees with certain language and other skills at costs that are advantageous. However, the concentration of business activities in any geographical area creates risks which could harm operations and our financial condition. Certain risks, such as natural disasters, armed conflict and military or civil unrest, political instability and disease transmission, as well as the risk of interruption to our delivery systems, is magnified when the realization of these, or any other risks, would effect a large portion of our business at once, which may result in a disproportionate increase in operating costs.

Our business is dependent on the trend toward outsourcing.

Our business and growth depend in large part on the industry trend toward outsourced customer contact management services. Outsourcing means that an entity contracts with a third party, such as us, to provide customer contact services rather than perform such services in-house. There can be no assurance that this trend will continue, as organizations may elect to perform such services themselves. A significant change in this trend could have a material adverse effect on our business, financial condition and results of operations. Additionally, there can be no assurance that our cross-selling efforts will cause clients to purchase additional services from us or adopt a single-source outsourcing approach.

We are subject to various uncertainties relating to future litigation.

We cannot predict whether any material suits, claims, or investigations may arise in the future. Regardless of the outcome of any future actions, claims, or investigations, we may incur substantial defense costs and such actions may cause a diversion of management time and attention. Also, it is possible that we may be required to pay substantial damages or settlement costs which could have a material adverse effect on our financial condition and results of operations.

Our industry is subject to rapid technological change which could affect our business and results of operations.

Rapid technological advances, frequent new product introductions and enhancements, and changes in client requirements characterize the market for outsourced customer contact management services. Technological advancements in voice recognition software, as well as self-provisioning and self-help software, along with call avoidance technologies, have the potential to adversely impact call volume growth and, therefore, revenues. Our future success will depend in large part on our ability to service new products, platforms and rapidly changing technology. These factors will require us to provide adequately trained personnel to address the increasingly sophisticated, complex and evolving needs of our clients. In addition, our ability to capitalize on our acquisitions will depend on our ability to continually enhance software and services and adapt such software to new hardware and operating system requirements. Any failure by us to anticipate or respond rapidly to technological advances, new products and enhancements, or changes in client requirements could have a material adverse effect on our business, financial condition and results of operations.

Our business relies heavily on technology and computer systems, which subjects us to various uncertainties.

We have invested significantly in sophisticated and specialized communications and computer technology and have focused on the application of this technology to meet our clients' needs. We anticipate that it will be necessary to continue to invest in and develop new and enhanced technology on a timely basis to maintain our competitiveness. Significant capital expenditures may be required to keep our technology up-to-date. There can be no assurance that

any of our information systems will be adequate to meet our future needs or that we will be able to incorporate new technology to enhance and develop our existing services. Moreover, investments in technology, including future investments in upgrades and enhancements to software, may not necessarily maintain our competitiveness. Our future success will also depend in part on our ability to anticipate and develop information technology solutions that keep pace with evolving industry standards and changing client demands.

Emergency interruption of customer contact management center operations could affect our business and results of operations.

Our operations are dependent upon our ability to protect our customer contact management centers and our information databases against damage that may be caused by fire, earthquakes, severe weather and other disasters, power failure, telecommunications failures, unauthorized intrusion, computer viruses and other emergencies. The temporary or permanent loss of such systems could have a material adverse effect on our business, financial condition and results of operations. Notwithstanding precautions taken to protect us and our clients from events that could interrupt delivery of services, there can be no assurance that a fire, natural disaster, human error, equipment malfunction or inadequacy, or other event would not result in a prolonged interruption in our ability to provide services to our clients. Such an event could have a material adverse effect on our business, financial condition and results of operations.

Our operating results will be adversely affected if we are unable to maximize our facility capacity utilization.

Our profitability is significantly influenced by our ability to effectively manage our contact center capacity utilization. The majority of our business involves technical support and customer care services initiated by our clients' customers and, as a result, our capacity utilization varies and demands on our capacity are, to some degree, beyond our control. In order to create the additional capacity necessary to accommodate new or expanded outsourcing projects, we may need to open new contact centers. The opening or expansion of a contact center may result, at least in the short term, in idle capacity until we fully implement the new or expanded program. Additionally, the occasional need to open customer contact centers fully, or primarily, dedicated to a single client, instead of spreading the work among existing facilities with idle capacity, negatively affects capacity utilization. We periodically assess the expected long-term capacity utilization of our contact centers. As a result, we may, if deemed necessary, consolidate, close or partially close under-performing contact centers to maintain or improve targeted utilization and margins. There can be no guarantee that we will be able to achieve or maintain optimal utilization of our contact center capacity.

As part of our effort to consolidate our facilities, we may seek to sell or sublease a portion of our surplus contact center space, if any, and recover certain costs associated with it. Failure to sell or sublease such surplus space will negatively impact results of operations.

Increases in the cost of telephone and data services or significant interruptions in such services could adversely affect our business.

Our business is significantly dependent on telephone and data service provided by various local and long distance telephone companies. Accordingly, any disruption of these services could adversely affect our business. We have taken steps to mitigate our exposure to service disruptions by investing in redundant circuits, although there is no assurance that the redundant circuits would not also suffer disruption. Any inability to obtain telephone or data services at favorable rates could negatively affect our business results. Where possible, we have entered into long-term contracts with various providers to mitigate short term rate increases and fluctuations. There is no obligation, however, for the vendors to renew their contracts with us, or to offer the same or lower rates in the future, and such contracts are subject to termination or modification for various reasons outside of our control. A significant increase in the cost of telephone services that is not recoverable through an increase in the price of our services could adversely affect our business.

Our profitability may be adversely affected if we are unable to maintain and find new locations for customer contact centers in countries with stable wage rates.

Our business is labor-intensive and therefore wages, employee benefits and employment taxes constitute the largest component of our operating expenses. As a result, expansion of our business is dependent upon our ability to find cost-effective locations in which to operate, both domestically and internationally. Some of our customer contact management centers are located in countries that have experienced inflation and rising standards of living, which

requires us to increase employee wages. In addition, collective bargaining is being utilized in an increasing number of countries in which we currently, or may in the future, desire to operate. Collective bargaining may result in material wage and benefit increases. If wage rates and benefits increase significantly in a country where we maintain customer contact management centers, we may not be able to pass those increased labor costs on to our clients, requiring us to search for other cost effective delivery locations. Additionally, some of our customer contact management centers are located in jurisdictions subject to minimum wage regulations, which may result in increased wages in the future. There is no assurance that we will be able to find such cost-effective locations, and even if we do, the costs of closing delivery locations and opening new customer contact management centers can adversely affect our financial results.

The adoption and implementation of new statutory and regulatory requirements for derivative transactions could have an adverse impact on our ability to hedge risks associated with our business.

We enter into forward and option contracts to hedge against the effect of foreign currency exchange rate fluctuations. The United States Congress has passed, and the President has signed into law, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). The Dodd-Frank Act provides for new statutory and regulatory requirements for derivative transactions, including foreign currency and interest rate hedging transactions. The Dodd-Frank Act requires the Commodities Futures and Trading Commission to promulgate rules relating to the Dodd-Frank Act. Until the rules relating to the Dodd-Frank Act are established, we cannot know how these regulations will affect us. The rules adopted by the Commodities Futures and Trading Commission may in the future impact our flexibility to execute strategic hedges to reduce foreign exchange and interest rate uncertainty and thus protect cash flows. In addition, the banks and other derivatives dealers who are our contractual counterparties will be required to comply with the Dodd-Frank Act's new requirements. It is possible that the costs of such compliance will be passed on to customers such as us.

Risks Related to Our International Operations

Our international operations and expansion involve various risks.

We intend to continue to pursue growth opportunities in markets outside the United States. At December 31, 2014, our international operations were conducted from 32 customer contact management centers located in Sweden, Finland, Germany, Egypt, Scotland, Denmark, Norway, Hungary, Romania, Slovakia, The Philippines, the People's Republic of China, India and Australia. Revenues from these international operations for the years ended December 31, 2014, 2013, and 2012, were 39.9%, 38.7%, and 40.2% of consolidated revenues, respectively. We also conduct business from 14 customer contact management centers located in Canada, Colombia, Costa Rica, El Salvador, Mexico and Brazil. International operations are subject to certain risks common to international activities, such as changes in foreign governmental regulations, tariffs and taxes, import/export license requirements, the imposition of trade barriers, difficulties in staffing and managing international operations, political uncertainties, longer payment cycles, possible greater difficulties in accounts receivable collection, economic instability as well as political and country-specific risks.

Additionally, we have been granted tax holidays in The Philippines, Colombia, Costa Rica and El Salvador which expire at varying dates from 2015 through 2028. In some cases, the tax holidays expire without possibility of renewal. In other cases, we expect to renew these tax holidays, but there are no assurances from the respective foreign governments that they will renew them. This could potentially result in adverse tax consequences, the impact of which is not practicable to estimate due to the inherent complexity of estimating critical variables such as long-term future profitability, tax regulations and rates in the multi-national tax environment in which we operate. Any one or more of these factors could have an adverse effect on our international operations and, consequently, on our business, financial condition and results of operations. The tax holidays decreased the provision for income taxes by $2.7 million, $4.7 million and $6.5 million for the years ended December 31, 2014, 2013 and 2012, respectively.

As of December 31, 2014, we had cash balances of approximately $194.4 million held in international operations, most of which would be subject to additional taxes if repatriated to the United States. Determination of any unrecognized deferred tax liability for temporary differences related to investments in foreign subsidiaries that are essentially permanent in duration is not practicable due to the inherent complexity of the multi-national tax environment in which we operate.

We conduct business in various foreign currencies and are therefore exposed to market risk from changes in foreign currency exchange rates and interest rates, which could impact our results of operations and financial condition. We are also subject to certain exposures arising from the translation and consolidation of the financial results of our foreign subsidiaries. We enter into foreign currency forward and option contracts to hedge against the effect of certain foreign currency exchange exposures. However, there can be no assurance that we can take actions to mitigate such exposure in the future, and if taken, that such actions will be successful or that future changes in currency exchange rates will not have a material adverse impact on our future operating results. A significant change in the value of the U.S. Dollar against the currency of one or more countries where we operate may have a material adverse effect on our financial condition and results of operations. Additionally, our hedging exposure to counterparty credit risks is not secured by any collateral. Although each of the counterparty financial institutions with which we place hedging contracts are investment grade rated by the national rating agencies as of the time of the placement, we can provide no assurances as to the financial stability of any of our counterparties. If a counterparty to one or more of our hedge transactions were to become insolvent, we would be an unsecured creditor and our exposure at the time would depend on foreign exchange rate movements relative to the contracted foreign exchange rate and whether any gains result that are not realized due to a counterparty default.

The fundamental shift in our industry toward global service delivery markets presents various risks to our business.

Clients continue to require blended delivery models using a combination of onshore and offshore support. Our offshore delivery locations include The Philippines, the People's Republic of China, India, Costa Rica, El Salvador, Mexico and Brazil, and while we have operated in global delivery markets since 1996, there can be no assurance that we will be able to successfully conduct and expand such operations, and a failure to do so could have a material adverse effect on our business, financial condition, and results of operations. The success of our offshore operations will be subject to numerous factors, some of which are beyond our control, including general and regional economic conditions, prices for our services, competition, changes in regulation and other risks. In addition, as with all of our operations outside of the United States, we are subject to various additional political, economic and market uncertainties (see "Our international operations and expansion involve various risks"). Additionally, a change in the political environment in the United States or the adoption and enforcement of legislation and regulations curbing the use of offshore customer contact management solutions and services could have a material adverse effect on our business, financial condition and results of operations.

Our global operations expose us to numerous legal and regulatory requirements.

We provide services to our clients' customers in 21 countries around the world. Accordingly, we are subject to numerous legal regimes on matters such as taxation, government sanctions, content requirements, licensing, tariffs, government affairs, data privacy and immigration as well as internal and disclosure control obligations. In the U.S., as well as several of the other countries in which we operate, some of our services must comply with various laws and regulations regarding the method and timing of placing outbound telephone calls. Violations of these various laws and regulations could result in liability for monetary damages, fines and/or criminal prosecution and unfavorable publicity. Changes in U.S. federal, state and international laws and regulations, specifically those relating to the outsourcing of jobs to foreign countries as well as recently enacted statutory and regulatory requirements related to derivative transactions, may adversely affect our ability to perform our services at our overseas facilities or could result in additional taxes on such services, or impact our flexibility to execute strategic hedges, thereby threatening or limiting our ability or the financial benefit to continue to serve certain markets at offshore locations, or the risks associated therewith.

Risks Related to Our Employees

Our operations are substantially dependent on our senior management.

Our success is largely dependent upon the efforts, direction and guidance of our senior management. Our growth and success also depend in part on our ability to attract and retain skilled employees and managers and on the ability of our executive officers and key employees to manage our operations successfully. We have entered into employment and non-competition agreements with our executive officers. The loss of any of our senior management or key personnel, or the inability to attract, retain or replace key management personnel in the future, could have a material adverse effect on our business, financial condition and results of operations.

Our inability to attract and retain experienced personnel may adversely impact our business.

Our business is labor intensive and places significant importance on our ability to recruit, train, and retain qualified technical and consultative professional personnel. We generally experience high turnover of our personnel and are continuously required to recruit and train replacement personnel as a result of a changing and expanding work force. Additionally, demand for qualified technical professionals conversant in multiple languages, including English, and/or certain technologies may exceed supply, as new and additional skills are required to keep pace with evolving computer technology. Our ability to locate and train employees is critical to achieving our growth objective. Our inability to attract and retain qualified personnel or an increase in wages or other costs of attracting, training, or retaining qualified personnel could have a material adverse effect on our business, financial condition and results of operations.

Health epidemics could disrupt our business and adversely affect our financial results.

Our customer contact centers typically seat hundreds of employees in one location. Accordingly, an outbreak of a contagious infection in one or more of the markets in which we do business may result in significant worker absenteeism, lower asset utilization rates, voluntary or mandatory closure of our offices and delivery centers, travel restrictions on our employees, and other disruptions to our business. Any prolonged or widespread health epidemic could severely disrupt our business operations and have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Our Business Strategy

Our strategy of growing through selective acquisitions and mergers involves potential risks.

We evaluate opportunities to expand the scope of our services through acquisitions and mergers. We may be unable to identify companies that complement our strategies, and even if we identify a company that complements our strategies, we may be unable to acquire or merge with the company. Also, a decrease in the price of our common stock could hinder our growth strategy by limiting growth through acquisitions funded with SYKES' stock.

The actual integration of the company may result in additional and unforeseen expenses, and the full amount of anticipated benefits of the integration plan may not be realized. If we are not able to adequately address these challenges, we may be unable to fully integrate the acquired operations into our own, or to realize the full amount of anticipated benefits of the integration of the companies.

Our acquisition strategy involves other potential risks. These risks include:

- the inability to obtain the capital required to finance potential acquisitions on satisfactory terms;
- the diversion of our attention to the integration of the businesses to be acquired;
- the risk that the acquired businesses will fail to maintain the quality of services that we have historically provided;
- the need to implement financial and other systems and add management resources;
- the risk that key employees of the acquired business will leave after the acquisition;
- potential liabilities of the acquired business;
- unforeseen difficulties in the acquired operations;
- adverse short-term effects on our operating results;
- lack of success in assimilating or integrating the operations of acquired businesses within our business;
- the dilutive effect of the issuance of additional equity securities;
- the impairment of goodwill and other intangible assets involved in any acquisitions;
- the businesses we acquire not proving profitable; and
- incurring additional indebtedness.

We may incur significant cash and non-cash costs in connection with the continued rationalization of assets resulting from acquisitions.

We may incur a number of non-recurring cash and non-cash costs associated with the continued rationalization of assets resulting from acquisitions relating to the closing of facilities and disposition of assets.

We have substantial goodwill and if it becomes impaired, then our profits would be significantly reduced or eliminated and shareholders' equity would be reduced.

We recorded goodwill as a result of the ICT and Alpine acquisitions. On at least an annual basis, we assess whether there has been an impairment in the value of goodwill. If the carrying value of goodwill exceeds its estimated fair value, impairment is deemed to have occurred and the carrying value of goodwill is written down to fair value. This would result in a charge to our operating earnings.

Risks Related to Our Common Stock

Our organizational documents contain provisions that could impede a change in control.

Our Board of Directors is divided into three classes serving staggered three-year terms. The staggered Board of Directors and the anti-takeover effects of certain provisions contained in the Florida Business Corporation Act and in our Articles of Incorporation and Bylaws, including the ability of the Board of Directors to issue shares of preferred stock and to fix the rights and preferences of those shares without shareholder approval, may have the effect of delaying, deferring or preventing an unsolicited change in control. This may adversely affect the market price of our common stock or the ability of shareholders to participate in a transaction in which they might otherwise receive a premium for their shares.

The volatility of our stock price may result in loss of investment.

The trading price of our common stock has been and may continue to be subject to wide fluctuations over short and long periods of time. We believe that market prices of outsourced customer contact management services stocks in general have experienced volatility, which could affect the market price of our common stock regardless of our financial results or performance. We further believe that various factors such as general economic conditions, changes or volatility in the financial markets, changing market conditions in the outsourced customer contact management services industry, quarterly variations in our financial results, the announcement of acquisitions, strategic partnerships, or new product offerings, and changes in financial estimates and recommendations by securities analysts could cause the market price of our common stock to fluctuate substantially in the future.

Failure to adhere to laws, rules and regulations applicable to public companies operating in the U.S. may have an adverse effect on our stock price.

Because we are a publicly traded company, we are subject to certain evolving and expensive federal, state and other rules and regulations relating to, among other things, assessment and maintenance of internal controls and corporate governance. Section 404 of the Sarbanes-Oxley Act of 2002, together with rules and regulations issued by the Securities and Exchange Commission ("SEC") require us to furnish, on an annual basis, a report by our management (included elsewhere in this Annual Report on Form 10-K) regarding the effectiveness of our internal control over financial reporting. The report includes, among other things, an assessment of the effectiveness of our internal controls over financial reporting as of the end of our fiscal year and a statement as to whether or not our internal controls over financial reporting are effective. We must include a disclosure of any material weaknesses in our internal control over financial reporting identified by management during the annual assessment. We have in the past discovered, and may potentially in the future discover, areas of internal control over financial reporting which may require improvement. If at any time we are unable to assert that our internal controls over financial reporting are effective, or if our auditors are unable to express an opinion on the effectiveness of our internal controls, our investors could lose confidence in the accuracy and/or completeness of our financial reports, which could have an adverse effect on our stock price.

Additionally, the Dodd-Frank Wall Street Reform and Consumer Protection Act enacted in 2010 subjects us to significant additional executive compensation and corporate governance requirements and disclosures, some of which have yet to be implemented by the SEC. Compliance with these requirements may be costly and adversely affect our business.

Item 1B. Unresolved Staff Comments

There are no material unresolved written comments that were received from the SEC staff 180 days or more before the year ended December 31, 2014 relating to our periodic or current reports filed under the Securities Exchange Act of 1934.

Item 2. Properties

Our principal executive offices are located in Tampa, Florida, which consists of approximately 68,000 square feet of leased office space. This facility currently serves as the headquarters for senior management and the financial, information technology and administrative departments. In addition to our headquarters and the customer contact management centers ("centers") used by our Americas and EMEA segments discussed below, we also have offices in several countries around the world which support our Americas and EMEA segments.

As of December 31, 2014, excluding centers we have exited, we operated 70 centers that are classified as follows:

- Multi-Client Centers — We own or lease space for these centers and serve multiple clients in each facility;
- Managed Centers — These facilities are owned or leased by our clients and we staff and manage these sites on behalf of our clients in accordance with facility management contracts; and
- Fulfillment Centers — We own or lease space for these centers and serve multiple clients in each facility.

As of December 31, 2014, our centers were located in the following countries:

	Multi-Client Centers	Managed Centers	Fulfillment Centers	Total Number of Centers
Americas				
Australia	4	—	—	4
Brazil	1	—	—	1
Canada	6	—	—	6
Colombia	1	—	—	1
Costa Rica	4	—	—	4
El Salvador	1	—	—	1
India	1	—	—	1
Mexico	1	—	—	1
People's Republic of China	3	—	—	3
The Philippines	6	—	—	6
United States of America	21	—	—	21
Total Americas centers	49	—	—	49
EMEA				
Denmark	1	—	—	1
Egypt	1	—	—	1
Finland	1	—	—	1
Germany	4	—	—	4
Hungary	1	—	—	1
Netherlands	—	1	—	1
Norway	1	—	—	1
Romania	1	—	—	1
Scotland	3	—	1	4
Slovakia	1	—	—	1
Sweden	4	—	1	5
Total EMEA centers	18	1	2	21
Total centers	67	1	2	70

The leases for our centers have remaining terms ranging from one to twenty years and generally contain renewal options. We believe our existing facilities are suitable and adequate to meet current requirements, and that suitable additional or substitute space will be available as needed to accommodate any physical expansion or any space required due to expiring leases not renewed. We operate from time to time in temporary facilities to accommodate growth before new centers are available. At December 31, 2014, our centers, taken as a whole, were utilized at average capacities of approximately 79% and were capable of supporting a higher level of market demand.

Item 3. Legal Proceedings

From time to time, we are involved in legal actions arising in the ordinary course of business. With respect to these matters, we believe that we have adequate legal defenses and/or when possible and appropriate, have provided adequate accruals related to those matters such that the ultimate outcome will not have a material adverse effect on our future financial position or results of operations.

Item 4. Mine Safety Disclosures

Not Applicable.

Table of Contents

PART II

Item 5. Market for the Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Securities

Our common stock is quoted on the NASDAQ Global Select Market under the symbol SYKE. The following table sets forth, for the periods indicated, certain information as to the high and low intraday sale prices per share of our common stock as quoted on the NASDAQ Global Select Market.

	High	Low
Year Ended December 31, 2014:		
Fourth Quarter	**$24.71**	**$19.47**
Third Quarter	**22.37**	**19.01**
Second Quarter	**21.79**	**19.05**
First Quarter	**21.79**	**18.60**
Year Ended December 31, 2013:		
Fourth Quarter	$23.29	$17.08
Third Quarter	18.27	15.59
Second Quarter	16.58	13.95
First Quarter	16.48	14.45

Holders of our common stock are entitled to receive dividends out of the funds legally available when and if declared by the Board of Directors. We have not declared or paid any cash dividends on our common stock in the past and do not anticipate paying any cash dividends in the foreseeable future.

As of February 10, 2015, there were 860 holders of record of the common stock. We estimate there were approximately 8,900 beneficial owners of our common stock.

Below is a summary of stock repurchases for the quarter ended December 31, 2014 (in thousands, except average price per share).

Period	Total Number of Shares Purchased [1]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under Plans or Programs
October 1, 2014 – October 31, 2014	362	$ 19.92	362	999
November 1, 2014 – November 30, 2014	—	$ —	—	999
December 1, 2014 – December 31, 2014	—	$ —	—	999
Total	**362**		**362**	**999**

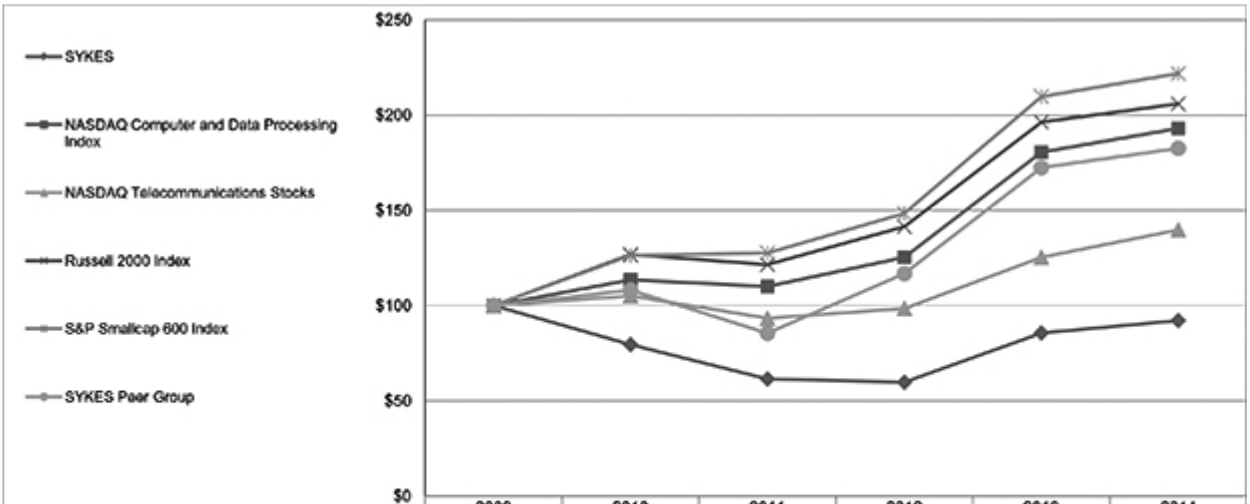
[1] All shares purchased as part of the repurchase plan publicly announced on August 18, 2011. Total number of shares approved for repurchase under the 2011 Share Repurchase Plan was 5.0 million with no expiration date.

Table of Contents

Five-Year Stock Performance Graph

The following graph presents a comparison of the cumulative shareholder return on the common stock with the cumulative total return on the NASDAQ Computer and Data Processing Services Index, the NASDAQ Telecommunications Index, the Russell 2000 Index, the S&P Small Cap 600 and the SYKES Peer Group (as defined below). The SYKES Peer Group is comprised of publicly traded companies that derive a substantial portion of their revenues from call center, customer care business, have similar business models to SYKES, and are those most commonly compared to SYKES by industry analysts following SYKES. This graph assumes that $100 was invested on December 31, 2009 in SYKES common stock, the NASDAQ Computer and Data Processing Services Index, the NASDAQ Telecommunications Index, the Russell 2000 Index, the S&P Small Cap 600 and SYKES Peer Group, including reinvestment of dividends.

Comparison of Five-Year Cumulative Total Return (in dollars)



	2009	2010	2011	2012	2013	2014
SYKES	100.00	79.54	61.48	59.76	85.63	92.15
NASDAQ Computer and Data Processing Index	100.00	113.55	110.06	125.38	180.54	193.04
NASDAQ Telecommunications Stocks	100.00	105.12	93.37	98.48	125.36	139.79
Russell 2000 Index	100.00	126.81	121.52	141.42	196.32	205.93
S&P Smallcap 600 Index	100.00	126.31	127.59	148.42	209.74	221.81
SYKES Peer Group	100.00	108.13	85.49	116.81	172.41	182.54

SYKES Peer Group	Exchange & Ticker Symbol
Convergys Corp.	NYSE: CVG
StarTek, Inc.	NYSE: SRT
TeleTech Holdings, Inc.	NASDAQ: TTEC
Teleperformance	NYSE Euronext: RCF

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

The information contained in the Stock Performance Graph section shall not be deemed to be "soliciting material" or "filed" or incorporated by reference in future filings with the SEC, or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, except to the extent that we specifically incorporate it by reference into a document filed under the Securities Exchange Act of 1934.

Table of Contents

Item 6. Selected Financial Data

Selected Financial Data

The following selected financial data has been derived from our consolidated financial statements.

We sold our operations in Spain during 2012 and our operations in Argentina in 2010. Accordingly, we have reclassified the selected financial data for all periods presented to reflect these results as discontinued operations in accordance with Accounting Standards Codification 205-20 " *Discontinued Operations* ".

The information below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the accompanying Consolidated Financial Statements and related notes thereto.

(in thousands, except per share data)	Years Ended December 31, 2014	2013	2012	2011	2010
Income Statement Data: [1]					
Revenues	**$1,327,523**	$1,263,460	$1,127,698	$1,169,267	$1,121,911
Income from continuing operations [2,3,4,5,6,9,10]	**79,555**	53,527	47,779	65,535	37,981
Income from continuing operations, net of taxes [2,3,4,5,6,9,10]	**57,791**	37,260	39,950	52,314	26,115
(Loss) from discontinued operations, net of taxes [7]	**—**	—	(820)	(4,532)	(12,893)
Gain (loss) on sale of discontinued operations, net of taxes [8]	**—**	—	(10,707)	559	(23,495)
Net income (loss)	**57,791**	37,260	28,423	48,341	(10,273)
Net Income (Loss) Per Common Share: [1]					
Basic:					
Continuing operations [2,3,4,5,6,9,10]	**$ 1.36**	$ 0.87	$ 0.93	$ 1.15	$ 0.57
Discontinued operations [7,8]	**—**	—	(0.27)	(0.09)	(0.79)
Net income (loss) per common share	**$ 1.36**	$ 0.87	$ 0.66	$ 1.06	$ (0.22)
Diluted:					
Continuing operations [2,3,4,5,6,9,10]	**$ 1.35**	$ 0.87	$ 0.93	$ 1.15	$ 0.57
Discontinued operations [7,8]	**—**	—	(0.27)	(0.09)	(0.79)
Net income (loss) per common share	**$ 1.35**	$ 0.87	$ 0.66	$ 1.06	$ (0.22)
Weighted Average Common Shares: [1]					
Basic	**42,609**	42,877	43,105	45,506	46,030
Diluted	**42,814**	42,925	43,148	45,607	46,133
Balance Sheet Data: [1,11]					
Total assets	**$ 944,500**	$ 950,261	$ 908,689	$ 769,130	$ 794,600
Long-term debt	**75,000**	98,000	91,000	—	—
Shareholders' equity	**658,218**	635,704	606,264	573,566	583,195

(1) The amounts for 2014, 2013 and 2012 include the Alpine acquisition completed on August 20, 2012. See Note 2, Acquisition of Alpine Access, Inc., for further information. The amounts for all periods presented include the ICT acquisition completed on February 2, 2010.

(2) The amounts for 2014 include a $2.0 million net gain on disposal of property and equipment and a $0.1 million impairment of long-lived assets.

(3) The amounts for 2013 include $2.1 million in Alpine acquisition-related costs and a $0.2 million net loss on disposal of property and equipment.

(4) The amounts for 2012 include $4.8 million in Alpine acquisition-related costs, a $0.4 million net loss on the disposal of property and equipment, a $0.1 million gain on insurance settlement and a $0.4 million impairment of long-lived assets.

(5) The amounts for 2011 include $11.8 million in ICT acquisition-related costs, a $3.7 million net gain on the sale of the land and building in Minot, North Dakota, a $0.5 million net gain on insurance settlement and a $1.7 million impairment of long-lived assets.

(6) The amounts for 2014, 2013, 2012, 2011 and 2010 include $(0.3) million, $0.3 million, $1.8 million, $5.3 million and $11.0 million, respectively, related to the Exit Plans. See Note 4, Costs Associated with Exit or Disposal Activities, for further information.

(7) The amounts for all periods presented include the operations in Spain and Argentina, which were sold in 2012 and 2010, respectively. See Note 3, Discontinued Operations, for futher information on the sale of the Spanish operations.

(8) The amounts include the gain (loss) on sale of the operations in Spain in 2012 and Argentina in 2011 and 2010. See Note 3, Discontinued

Operations, for futher information for futher information on the sale of the Spanish operations.

(9) The amounts for 2011 and 2010 each include a $0.4 million recovery of regulatory penalties.

(10) The amounts for 2010 include $46.3 million in ICT acquisition-related costs, a $3.3 million impairment of long-lived assets, a $2.0 million net gain on insurance settlement and a $0.4 million impairment of goodwill and intangibles.

(11) The Company has not declared cash dividends per common share for any of the five years presented.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion should be read in conjunction with the accompanying Consolidated Financial Statements and the notes thereto that appear elsewhere in this Annual Report on Form 10-K. The following discussion and analysis compares the year ended December 31, 2014 ("2014") to the year ended December 31, 2013 ("2013"), and 2013 to the year ended December 31, 2012 ("2012").

The following discussion and analysis and other sections of this document contain forward-looking statements that involve risks and uncertainties. Words such as "may," "expects," "projects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," variations of such words, and similar expressions are intended to identify such forward-looking statements. Similarly, statements that describe our future plans, objectives, or goals also are forward-looking statements. Future events and actual results could differ materially from the results reflected in these forward-looking statements, as a result of certain of the factors set forth below and elsewhere in this analysis and in this Annual Report on Form 10-K for the year ended December 31, 2014 in Item 1.A., "Risk Factors."

Executive Summary

We provide comprehensive customer contact management solutions and services to a wide range of clients including Fortune 1000 companies, medium-sized businesses and public institutions around the world, primarily in the communications, financial services, technology/consumer, transportation and leisure and healthcare industries. We serve our clients through two geographic operating regions: the Americas (United States, Canada, Latin America, Australia and the Asia Pacific Rim) and EMEA (Europe, the Middle East and Africa). Our Americas and EMEA groups primarily provide customer contact management services (with an emphasis on inbound technical support and customer service), which include customer assistance, healthcare and roadside assistance, technical support and product sales to our clients' customers. These services, which represented 98.2% of consolidated revenues in 2014, are delivered through multiple communication channels encompassing phone, e-mail, social media, text messaging and chat. We also provide various enterprise support services in the United States ("U.S.") that include services for our clients' internal support operations, from technical staffing services to outsourced corporate help desk services. In Europe, we also provide fulfillment services including order processing via the Internet and phone, inventory control, product delivery, and product returns handling. Our complete service offering helps our clients acquire, retain and increase the lifetime value of their customer relationships. We have developed an extensive global reach with customer contact management centers throughout the United States, Canada, Europe, Latin America, Australia, the Asia Pacific Rim and Africa.

Revenues from these services is recognized as the services are performed, which is based on either a per minute, per hour, per call, per transaction or per time and material basis, under a fully executed contractual agreement, and we record reductions to revenues for contractual penalties and holdbacks for a failure to meet specified minimum service levels and other performance based contingencies. Revenue recognition is limited to the amount that is not contingent upon delivery of any future product or service or meeting other specified performance conditions. Product sales, accounted for within our fulfillment services, are recognized upon shipment to the customer and satisfaction of all obligations.

Direct salaries and related costs include direct personnel compensation, severance, statutory and other benefits associated with such personnel and other direct costs associated with providing services to customers.

General and administrative costs include administrative, sales and marketing, occupancy and other costs.

Depreciation, net represents depreciation on property and equipment, net of the amortization of deferred property grants.

Amortization of intangibles represents amortization of finite-lived intangible assets.

The net gain (loss) on disposal of property and equipment represents the difference between the amount of proceeds received, if any, and the carrying value of the asset.

The impairment of long-lived assets represents the amount by which the carrying value of the asset exceeds the estimated fair value.

Interest income primarily relates to interest earned on cash and cash equivalents.

Interest (expense) includes interest on outstanding borrowings and commitment fees charged on the unused portion of our revolving credit facility, as more fully described in this Item 7, under “Liquidity and Capital Resources.”

Other (expense) includes gains and losses on foreign currency derivative instruments not designated as hedges, foreign currency transaction gains and losses, gains and losses on the liquidation of foreign subsidiaries and other miscellaneous income (expense).

Our effective tax rate for the periods presented includes the effects of state income taxes, net of federal tax benefit, tax holidays, valuation allowance changes, foreign rate differentials, foreign withholding and other taxes, and permanent differences.

Acquisition of Alpine Access, Inc.

On August 20, 2012, we completed the acquisition of Alpine Access, Inc. (“Alpine”), a Delaware corporation and an industry leader in the virtual at-home agent space – recruiting, training, managing and delivering award-winning customer contact management services through a secured and proprietary virtual call center environment with its operations located in the United States and Canada. We refer to such acquisition herein as the “Alpine acquisition.”

We acquired Alpine to: create significant competitive differentiation for quality, speed to market, scalability and flexibility driven by proprietary, internally-developed software, systems, processes and other intellectual property which uniquely overcome the challenges of the virtual at-home agent delivery model; strengthen our current service portfolio and go-to-market offering while expanding the breadth of clients with minimal client overlap; broaden the addressable market opportunity within existing and new verticals as well as clients; expand the addressable pool of skilled labor; leverage operational best practices across our global platform, with the potential to convert more of its fixed cost to variable cost; and further enhance the growth and margin profile to drive shareholder value. This resulted in our paying a substantial premium for Alpine resulting in the recognition of goodwill.

The total purchase price of $149.0 million was funded by $41.0 million in cash on hand and borrowings of $108.0 million under our credit agreement with KeyBank National Association (“KeyBank”), dated May 3, 2012. See “Liquidity & Capital Resources” later in this Item 7 and Note 20, Borrowings, of “Notes to Consolidated Financial Statements” for further information.

The results of operations of Alpine have been reflected in the accompanying Consolidated Statements of Operations since August 20, 2012.

Discontinued Operations

In March 2012, we sold our operations in Spain (the “Spanish operations”), pursuant to an asset purchase agreement dated March 29, 2012 and a stock purchase agreement dated March 30, 2012. We have reflected the operating results related to the operations in Spain as discontinued operations in the accompanying Consolidated Statement of Operations for the year ended December 31, 2012. This business was historically reported as part of the EMEA segment.

See “Results of Operations — Discontinued Operations” later in this Item 7 for more information. Unless otherwise noted, discussions below pertain only to our continuing operations.

Table of Contents

Results of Operations

The following table sets forth, for the years indicated, the amounts reflected in the accompanying Consolidated Statements of Operations as well as the changes between the respective years:

(in thousands)	Years Ended December 31, 2014	2013	2014 $ Change	2012	2013 $ Change
Revenues	**$1,327,523**	$1,263,460	$64,063	$1,127,698	$135,762
Operating expenses:					
Direct salaries and related costs	**892,110**	855,266	36,844	737,952	117,314
General and administrative	**298,040**	297,519	521	290,373	7,146
Depreciation, net	**45,363**	42,084	3,279	40,369	1,715
Amortization of intangibles	**14,396**	14,863	(467)	10,479	4,384
Net (gain) loss on disposal of property and equipment	**(2,030)**	201	(2,231)	391	(190)
Impairment of long-lived assets	**89**	—	89	355	(355)
Total operating expenses	**1,247,968**	1,209,933	38,035	1,079,919	130,014
Income from operations	**79,555**	53,527	26,028	47,779	5,748
Other income (expense):					
Interest income	**958**	866	92	1,458	(592)
Interest (expense)	**(2,011)**	(2,307)	296	(1,547)	(760)
Other (expense)	**(1,343)**	(761)	(582)	(2,533)	1,772
Total other income (expense)	**(2,396)**	(2,202)	(194)	(2,622)	420
Income from continuing operations before income taxes	**77,159**	51,325	25,834	45,157	6,168
Income taxes	**19,368**	14,065	5,303	5,207	8,858
Income from continuing operations, net of taxes	**57,791**	37,260	20,531	39,950	(2,690)
(Loss) from discontinued operations, net of taxes	**—**	—	—	(820)	820
(Loss) on sale of discontinued operations, net of taxes	**—**	—	—	(10,707)	10,707
Net income	**$ 57,791**	$ 37,260	$20,531	$ 28,423	$ 8,837

The following table sets forth, for the years indicated, the amounts presented in the accompanying Consolidated Statements of Operations as a percentage of revenues:

	Years Ended December 31, 2014	2013	2012
Percentage of Revenue:			
Revenues	**100.0%**	100.0%	100.0%
Direct salaries and related costs	**67.2**	67.7	65.4
General and administrative	**22.5**	23.5	25.8
Depreciation, net	**3.4**	3.3	3.6
Amortization of intangibles	**1.1**	1.2	0.9
Net (gain) loss on disposal of property and equipment	**(0.2)**	0.0	0.0
Impairment of long-lived assets	**0.0**	—	0.0
Income from continuing operations	**6.0**	4.3	4.3
Interest income	**0.1**	0.1	0.1
Interest (expense)	**(0.2)**	(0.2)	(0.1)
Other (expense)	**(0.1)**	(0.1)	(0.2)
Income from continuing operations before income taxes	**5.8**	4.1	4.1
Income taxes	**1.5**	1.1	0.5
Income from continuing operations, net of taxes	**4.3**	3.0	3.6
(Loss) from discontinued operations, net of taxes	**—**	—	(0.1)
(Loss) on sale of discontinued operations, net of taxes	**—**	—	(0.9)
Net income	**4.3%**	3.0%	2.6%

Table of Contents

2014 Compared to 2013

Revenues

(in thousands)	Years Ended December 31, 2014 Amount	2014 % of Revenues	2013 Amount	2013 % of Revenues	$ Change
Americas	**$1,070,824**	**80.7%**	$1,050,813	83.2%	$20,011
EMEA	**256,699**	**19.3%**	212,647	16.8%	44,052
Consolidated	**$1,327,523**	**100.0%**	$1,263,460	100.0%	$64,063

Consolidated revenues increased $64.1 million, or 5.1%, in 2014 from 2013.

The increase in Americas' revenues was primarily due to new contract sales of $91.6 million and higher volumes from existing contracts of $2.6 million, partially offset by end-of-life client programs of $50.4 million and the negative foreign currency impact of $23.8 million. Revenues from our offshore operations represented 38.9% of Americas' revenues, compared to 39.5% in 2013.

The increase in EMEA's revenues was primarily due to higher volumes from existing contracts of $30.6 million and new contract sales of $21.2 million, partially offset by end-of-life client programs of $4.6 million and the negative foreign currency impact of $3.1 million.

On a consolidated basis, we had 41,000 brick-and-mortar seats as of December 31, 2014, a decrease of 1,200 seats from 2013. The capacity utilization rate on a combined basis was 79% compared to 73% in 2013. This increase was due to seat rationalization in the Americas and growth within new and existing clients.

On a geographic segment basis, 34,500 seats were located in the Americas, a decrease of 1,600 seats from 2013, and 6,500 seats were located in EMEA, an increase of 400 seats from 2013. The capacity utilization rate for the Americas as of December 31, 2014 was 77%, compared to 70% as of December 31, 2013, up primarily due to seat rationalization and growth within new and existing clients. The capacity utilization rate for EMEA as of December 31, 2014 was 90%, compared to 87% as of December 31, 2013, up primarily due to growth within new and existing clients. We strive to attain an 85% capacity utilization metric at each of our locations.

We plan to add approximately 1,700 seats on a gross basis in 2015. More than three-quarters of the new seat count is expected to be added in the first half of 2015. Total seat count on a net basis for the full year, however, is expected to remain unchanged relative to 2014 as we plan to rationalize approximately 1,700 seats.

Direct Salaries and Related Costs

(in thousands)	Years Ended December 31, 2014 Amount	2014 % of Revenues	2013 Amount	2013 % of Revenues	$ Change	Change in % of Revenues
Americas	**$707,181**	**66.0%**	$699,797	66.6%	$ 7,384	-0.6%
EMEA	**184,929**	**72.0%**	155,469	73.1%	29,460	-1.1%
Consolidated	**$892,110**	**67.2%**	$855,266	67.7%	$36,844	-0.5%

The increase of $36.8 million in direct salaries and related costs included a positive foreign currency impact of $23.1 million in the Americas and a positive foreign currency impact of $2.1 million in EMEA.

The decrease in Americas' direct salaries and related costs, as a percentage of revenues, was primarily attributable to lower auto tow claim costs of 0.3%, lower compensation costs of 0.2% and lower other costs of 0.1%.

The decrease in EMEA's direct salaries and related costs, as a percentage of revenues, was primarily attributable to lower compensation costs of 1.6% driven by the increase in new client program ramp up costs in the prior period in the communications vertical as well as new client program growth within the technology vertical, and lower billable supply costs of 0.2%, partially offset by higher communications costs of 0.3%, higher fulfillment materials costs of 0.3% and higher other costs of 0.1%.

General and Administrative

(in thousands)	Years Ended December 31, 2014 Amount	2014 % of Revenues	2013 Amount	2013 % of Revenues	$ Change	Change in % of Revenues
Americas	**$197,079**	**18.4%**	$204,321	19.4%	$(7,242)	-1.0%
EMEA	**50,759**	**19.8%**	46,667	21.9%	4,092	-2.1%
Corporate	**50,202**	**—**	46,531	—	3,671	—
Consolidated	**$298,040**	**22.5%**	$297,519	23.5%	$ 521	-1.0%

The increase of $0.5 million in general and administrative expenses included a positive foreign currency impact of $5.5 million in the Americas and a positive foreign currency impact of $0.4 million in EMEA.

The decrease in Americas' general and administrative expenses, as a percentage of revenues, was primarily attributable to lower facility-related costs of 0.6%, lower merger and integration costs of 0.1% and lower other costs of 0.3%.

The decrease in EMEA's general and administrative expenses, as a percentage of revenues, was primarily attributable to lower facility-related costs of 0.9%, lower compensation costs of 0.5%, lower travel costs of 0.3%, lower communications costs of 0.2% and lower other costs of 0.2%.

The increase of $3.7 million in Corporate's general and administrative expenses was primarily attributable to higher compensation costs of $1.9 million, higher charitable contributions of $1.4 million, higher legal and professional fees of $0.7 million, higher consulting costs of $0.5 million, higher facility-related costs of $0.2 million and higher insurance costs of $0.2 million, partially offset by lower merger and integration costs of $0.6 million, lower software maintenance costs of $0.4 million and lower other costs of $0.2 million.

Depreciation and Amortization

(in thousands)	Years Ended December 31, 2014 Amount	2014 % of Revenues	2013 Amount	2013 % of Revenues	$ Change	Change in % of Revenues
Depreciation, net:						
Americas	**$40,557**	**3.8%**	$37,818	3.6%	$ 2,739	0.2%
EMEA	**4,806**	**1.9%**	4,266	2.0%	540	-0.1%
Consolidated	**$45,363**	**3.4%**	$42,084	3.3%	$ 3,279	0.1%
Amortization of intangibles:						
Americas	**$14,396**	**1.3%**	$14,863	1.4%	$ (467)	-0.1%
EMEA	**—**	**0.0%**	—	0.0%	—	0.0%
Consolidated	**$14,396**	**1.1%**	$14,863	1.2%	$ (467)	-0.1%

The increase in depreciation was primarily due to net fixed asset additions.

The decrease in amortization was primarily due to certain fully amortized intangible assets.

Table of Contents

Net (Gain) Loss on Disposal of Property and Equipment and Impairment of Long-Lived Assets

(in thousands)	Years Ended December 31, 2014 Amount	2014 % of Revenues	2013 Amount	2013 % of Revenues	$ Change	Change in % of Revenues
Net (gain) loss on disposal of property and equipment:						
Americas	**$(2,026)**	**-0.2%**	$ 8	0.0%	$(2,034)	-0.2%
EMEA	**(4)**	**0.0%**	193	0.1%	(197)	-0.1%
Consolidated	**$(2,030)**	**-0.2%**	$ 201	0.0%	$(2,231)	-0.2%
Impairment of long-lived assets:						
Americas	**$ 89**	**0.0%**	$ —	0.0%	$ 89	0.0%
EMEA	**—**	**0.0%**	—	0.0%	—	0.0%
Consolidated	**$ 89**	**0.0%**	$ —	0.0%	$ 89	0.0%

The net (gain) on disposal of property and equipment in 2014 primarily related to the sale of land, a building and fixed assets located in Bismarck, North Dakota. See Note 14, Property and Equipment, of the "Notes to Consolidated Financial Statements" for further information.

See Note 5, Fair Value, of the "Notes to Consolidated Financial Statements" for further information regarding the impairment of long-lived assets.

Other Income (Expense)

(in thousands)	Years Ended December 31, 2014	2013	$ Change
Interest income	**$ 958**	$ 866	$ 92
Interest (expense)	**$ (2,011)**	$ (2,307)	$ 296
Other income (expense):			
Foreign currency transaction gains (losses)	**$ (1,740)**	$ (5,962)	$ 4,222
Gains (losses) on foreign currency derivative instruments not designated as hedges	**(44)**	4,216	(4,260)
Gains (losses) on liquidation of foreign subsidiaries	**—**	—	—
Other miscellaneous income (expense)	**441**	985	(544)
Total other income (expense)	**$ (1,343)**	$ (761)	$ (582)

The increase in interest income was primarily due to an increase in the amount of average invested funds in 2014 compared to 2013.

The decrease in interest (expense) was primarily due to a decrease in the amount of average outstanding borrowings in 2014 compared to 2013.

Other (expense) excludes the cumulative translation effects and unrealized gains (losses) on financial derivatives that are included in "Accumulated other comprehensive income" in shareholders' equity in the accompanying Consolidated Balance Sheets.

Income Taxes

(in thousands)	Years Ended December 31, 2014	2013	$ Change
Income from continuing operations before income taxes	**$ 77,159**	$ 51,325	$ 25,834
Income taxes	**$ 19,368**	$ 14,065	$ 5,303
			% Change
Effective tax rate	**25.1%**	27.4%	-2.3%

The increase in income taxes in 2014 compared to 2013 is primarily due to a $23.0 million increase in income in a high tax rate jurisdiction which increased the tax provision by $6.3 million. This increase was partially offset by a decrease of $2.3 million in foreign withholding taxes recognized in 2014. The remaining change is due to several factors, including fluctuations in earnings among the various other jurisdictions in which we operate, none of which are individually material.

Table of Contents

2013 Compared to 2012

Revenues

(in thousands)	Years Ended December 31, 2013 Amount	2013 % of Revenues	2012 Amount	2012 % of Revenues	$ Change
Americas	$1,050,813	83.2%	$ 947,147	84.0%	$103,666
EMEA	212,647	16.8%	180,551	16.0%	32,096
Consolidated	$1,263,460	100.0%	$1,127,698	100.0%	$135,762

Consolidated revenues increased $135.8 million, or 12.0%, in 2013 from 2012.

The increase in Americas' revenues was primarily due to new contract sales of $80.3 million and Alpine acquisition revenues of $68.6 million, partially offset by end-of-life client programs of $25.4 million, lower volumes from existing contracts of $5.9 million and the negative foreign currency impact of $13.9 million. Revenues from our offshore operations represented 39.5% of Americas' revenues, compared to 44.5% in 2012.

The increase in EMEA's revenues was primarily due to new contract sales of $28.0 million, higher volumes from existing contracts of $6.3 million and the positive foreign currency impact of $4.5 million, partially offset by end-of-life client programs of $6.7 million.

Direct Salaries and Related Costs

(in thousands)	Years Ended December 31, 2013 Amount	2013 % of Revenues	2012 Amount	2012 % of Revenues	$ Change	Change in % of Revenues
Americas	$699,797	66.6%	$609,836	64.4%	$ 89,961	2.2%
EMEA	155,469	73.1%	128,116	71.0%	27,353	2.1%
Consolidated	$855,266	67.7%	$737,952	65.4%	$117,314	2.3%

The increase of $117.3 million in direct salaries and related costs included a positive foreign currency impact of $6.4 million in the Americas and a negative foreign currency impact of $3.3 million in EMEA.

The increase in Americas' direct salaries and related costs, as a percentage of revenues, was primarily attributable to higher compensation costs of 1.9% driven by the ramp up for new and existing client programs principally in the communications vertical, partially offset by lower demand within the financial services and healthcare verticals without a commensurate reduction in labor costs, higher auto tow claim costs of 0.1% due to an increase in the average length of tows without a commensurate increase in fees at our Canadian roadside assistance operations and higher other costs of 0.2%.

The increase in EMEA's direct salaries and related costs, as a percentage of revenues, was primarily attributable to higher compensation costs of 4.4% driven by the ramp up for new and existing client programs principally in the communications vertical, partially offset by lower fulfillment materials costs of 0.7%, lower billable supply costs of 0.5%, lower severance-related costs of 0.4% due to the closure of certain sites in connection with the Fourth Quarter 2011 Exit Plan, lower recruiting costs of 0.2%, lower communications costs of 0.2%, lower travel costs of 0.2% and lower other costs of 0.1%.

General and Administrative

(in thousands)	Years Ended December 31, 2013 Amount	2013 % of Revenues	2012 Amount	2012 % of Revenues	$ Change	Change in % of Revenues
Americas	$204,321	19.4%	$196,080	20.7%	$ 8,241	-1.3%
EMEA	46,667	21.9%	43,004	23.8%	3,663	-1.9%
Corporate	46,531	—	51,289	—	(4,758)	—
Consolidated	$297,519	23.5%	$290,373	25.8%	$ 7,146	-2.3%

The increase of $7.1 million in general and administrative expenses included a positive foreign currency impact of $1.5 million in the Americas and a negative foreign currency impact of $0.8 million in EMEA.

The decrease in Americas' general and administrative expenses, as a percentage of revenues, was primarily attributable to lower compensation costs of 0.6%, lower facility-related costs of 0.4% due to rationalization of facilities, lower equipment and maintenance costs of 0.2% and lower other costs of 0.1%.

The decrease in EMEA's general and administrative expenses, as a percentage of revenues, was primarily attributable to lower compensation costs of 0.9%, lower facility-related costs of 0.3%, lower communications costs of 0.3%, lower severance-related costs of 0.2% principally all due to the closure of certain sites in connection with the Fourth Quarter 2011 Exit Plan and lower other costs of 0.2%.

The decrease of $4.8 million in Corporate's general and administrative expenses was primarily attributable to lower merger and integration costs of $3.5 million, lower consulting costs of $1.7 million, lower legal and professional fees of $1.0 million, lower travel costs of $0.3 million, lower equipment and maintenance costs of $0.3 million, lower communications costs of $0.2 million, lower training costs of $0.2 million and lower other costs of $0.3 million, partially offset by higher compensation costs of $2.1 million and higher facility-related costs of $0.6 million.

Depreciation and Amortization

(in thousands)	Years Ended December 31, 2013 Amount	2013 % of Revenues	2012 Amount	2012 % of Revenues	$ Change	Change in % of Revenues
Depreciation, net:						
Americas	$37,818	3.6%	$36,494	3.9%	$ 1,324	-0.3%
EMEA	4,266	2.0%	3,875	2.1%	391	-0.1%
Consolidated	$42,084	3.3%	$40,369	3.6%	$ 1,715	-0.3%
Amortization of intangibles:						
Americas	$14,863	1.4%	$10,479	1.1%	$ 4,384	0.3%
EMEA	—	0.0%	—	0.0%	—	0.0%
Consolidated	$14,863	1.2%	$10,479	0.9%	$ 4,384	0.3%

The increase in depreciation was primarily due to net fixed asset additions.

The increase in amortization was primarily due to the August 2012 Alpine acquisition.

Net (Gain) Loss on Disposal of Property and Equipment and Impairment of Long-Lived Assets

(in thousands)	Years Ended December 31, 2013 Amount	2013 % of Revenues	2012 Amount	2012 % of Revenues	$ Change	Change in % of Revenues
Net (gain) loss on disposal of property and equipment:						
Americas	$ 8	0.0%	$ 323	0.0%	$ (315)	0.0%
EMEA	193	0.1%	68	0.0%	125	0.1%
Consolidated	$ 201	0.0%	$ 391	0.0%	$ (190)	0.0%
Impairment of long-lived assets:						
Americas	$ —	0.0%	$ 355	0.0%	$ (355)	0.0%
EMEA	—	0.0%	—	0.0%	—	0.0%
Consolidated	$ —	0.0%	$ 355	0.0%	$ (355)	0.0%

See Note 5, Fair Value, of the "Notes to Consolidated Financial Statements" for further information regarding the impairment of long-lived assets.

Other Income (Expense)

(in thousands)	Years Ended December 31, 2013	2012	$ Change
Interest income	$ 866	$ 1,458	$ (592)
Interest (expense)	$ (2,307)	$ (1,547)	$ (760)
Other income (expense):			
Foreign currency transaction gains (losses)	$ (5,962)	$ (2,856)	$(3,106)
Gains (losses) on foreign currency derivative instruments not designated as hedges	4,216	(295)	4,511
Gains (losses) on liquidation of foreign subsidiaries	—	(582)	582
Other miscellaneous income (expense)	985	1,200	(215)
Total other income (expense)	$ (761)	$ (2,533)	$ 1,772

The decrease in interest income reflects lower average invested balances of interest bearing investments in cash and cash equivalents in 2013 compared to 2012.

The increase in interest (expense) reflects higher average outstanding borrowings primarily related to the August 2012 Alpine acquisition.

Other (expense) excludes the cumulative translation effects and unrealized gains (losses) on financial derivatives that are included in "Accumulated other comprehensive income" in shareholders' equity in the accompanying Consolidated Balance Sheets.

Income Taxes

(in thousands)	Years Ended December 31, 2013	2012	$ Change
Income from continuing operations before income taxes	$ 51,325	$ 45,157	$ 6,168
Income taxes	$ 14,065	$ 5,207	$ 8,858
			% Change
Effective tax rate	27.4%	11.5%	15.9%

The increase in income taxes in 2013 compared to 2012 is primarily due to withholding taxes on offshore cash movements of $3.5 million to take advantage of The American Taxpayer Relief Act of 2012 enacted on January 2, 2013, with retroactive application to January 1, 2012, U.S. taxation of offshore gains on derivatives and foreign exchange of $1.8 million and tax benefits recognized in 2012 related to merger and integration costs as a result of the Alpine acquisition of $1.1 million. The remaining change is due to several factors, including fluctuations in earnings among the various jurisdictions in which we operate, none of which are individually material.

Table of Contents

(Loss) from Discontinued Operations

(in thousands)	Years Ended December 31, 2013 Amount	2013 % of Revenues	2012 Amount	2012 % of Revenues	$ Change	Change in % of Revenues
(Loss) from discontinued operations, net of taxes						
Americas	$ —	0.0%	$ —	0.0%	$ —	0.0%
EMEA	—	0.0%	(820)	-0.5%	820	0.5%
Consolidated	$ —	0.0%	$ (820)	-0.1%	$ 820	0.1%
(Loss) on sale of discontinued operations, net of taxes						
Americas	$ —	0.0%	$(10,707)	-1.1%	$10,707	1.1%
EMEA	—	0.0%	—	0.0%	—	0.0%
Consolidated	$ —	0.0%	$(10,707)	-0.9%	$10,707	0.9%

In 2012, the (loss) from discontinued operations and the (loss) on sale of discontinued operations related to the sale of our operations in Spain in March 2012. There was no tax impact on either the (loss) from discontinued operations or the (loss) on sale of discontinued operations.

Table of Contents

Quarterly Results

The following information presents our unaudited quarterly operating results from continuing operations for 2014 and 2013. The data has been prepared on a basis consistent with the accompanying Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K, and includes all adjustments, consisting of normal recurring accruals, that we consider necessary for a fair presentation thereof.

(in thousands, except per share data)	12/31/2014	9/30/2014	6/30/2014	3/31/2014	12/31/2013	9/30/2013	6/30/2013	3/31/2013
Revenues	**$349,925**	**$332,671**	**$320,498**	**$324,429**	$335,338	$322,143	$304,735	$301,244
Operating expenses:								
Direct salaries and related costs [1]	**227,802**	**221,598**	**221,085**	**221,625**	226,418	215,001	210,141	203,706
General and administrative [2,3]	**77,074**	**73,651**	**73,990**	**73,325**	74,612	73,910	75,273	73,724
Depreciation, net	**11,227**	**11,516**	**11,322**	**11,298**	11,221	10,677	10,017	10,169
Amortization of intangibles	**3,489**	**3,597**	**3,659**	**3,651**	3,692	3,699	3,713	3,759
Net (gain) loss on disposal of property and equipment [4]	**(2,225)**	**136**	**11**	**48**	141	77	(26)	9
Impairment of long-lived assets	**—**	**81**	**4**	**4**	—	—	—	—
Total operating expenses	**317,367**	**310,579**	**310,071**	**309,951**	316,084	303,364	299,118	291,367
Income from operations	**32,558**	**22,092**	**10,427**	**14,478**	19,254	18,779	5,617	9,877
Other income (expense):								
Interest income	**241**	**249**	**237**	**231**	218	216	208	224
Interest (expense)	**(496)**	**(464)**	**(552)**	**(499)**	(591)	(630)	(578)	(508)
Other income (expense)	**(1,201)**	**(406)**	**(399)**	**663**	(903)	356	(339)	125
Total other income (expense)	**(1,456)**	**(621)**	**(714)**	**395**	(1,276)	(58)	(709)	(159)
Income before income taxes	**31,102**	**21,471**	**9,713**	**14,873**	17,978	18,721	4,908	9,718
Income taxes	**8,599**	**4,833**	**1,376**	**4,560**	6,978	4,575	(688)	3,200
Net income	**$ 22,503**	**$ 16,638**	**$ 8,337**	**$ 10,313**	$ 11,000	$ 14,146	$ 5,596	$ 6,518
Net income (loss) per common share [5] :								
Basic	**$ 0.53**	**$ 0.39**	**$ 0.20**	**$ 0.24**	$ 0.26	$ 0.33	$ 0.13	$ 0.15
Diluted	**$ 0.53**	**$ 0.39**	**$ 0.19**	**$ 0.24**	$ 0.26	$ 0.33	$ 0.13	$ 0.15
Weighted average shares:								
Basic	**42,280**	**42,704**	**42,711**	**42,739**	42,759	42,785	42,936	43,036
Diluted	**42,533**	**42,837**	**42,810**	**42,837**	42,880	42,836	42,954	43,052

(1) The quarter ended June 30, 2013 includes $0.5 million in Alpine acquisition-related costs.

(2) The quarters ended September 30, 2014, June 30, 2014, December 31, 2013 and September 30, 2013 include $(0.1) million, $(0.2) million, $0.3 million and $(0.1) million, respectively, related to the Exit Plans. See Note 4, Costs Associated with Exit or Disposal Activities, for further information.

(3) The quarters ended September 30, 2013, June 30, 2013, March 31, 2013, include $0.1 million, $0.8 million and $0.7 million, respectively, in Alpine acquisition-related costs.

(4) The quarter ended December 31, 2014 includes a $2.6 million (gain) on the sale of fixed assets, land and building located in Bismarck, North Dakota. See Note 14, Property and Equipment, for further information.

(5) Net income (loss) per basic and diluted common share is computed independently for each of the quarters presented and, therefore, may not sum to the total for the year.

Business Outlook

For the three months ended March 31, 2015, we anticipate the following financial results:

- Revenues in the range of $315.0 million to $320.0 million;
- Effective tax rate of approximately 27%;
- Fully diluted share count of approximately 42.5 million;
- Diluted earnings per share in the range of $0.27 to $0.30; and
- Capital expenditures in the range of $14.0 million to $16.0 million

For the twelve months ended December 31, 2015, we anticipate the following financial results:

- Revenues in the range of $1,300.0 million to $1,320.0 million;
- Effective tax rate of approximately 26%;
- Fully diluted share count of approximately 42.9 million;
- Diluted earnings per share in the range of $1.34 to $1.46; and
- Capital expenditures in the range of $55.0 million to $60.0 million

We continue to experience healthy demand from clients within the communications and technology verticals. In addition, based on early indications, we anticipate some firming of demand within the financial services vertical. As in prior years, with fewer work days in the second quarter, coupled with the timing of seat additions and ramps related to program wins, we expect consolidated second-half 2015 revenues to be greater than the first-half. Furthermore, based on foreign exchange rates as of February 2015, our full-year business outlook reflects the anticipation of approximately $50.0 million in negative impact to revenues due to unfavorable foreign currency movements relative to 2014. In addition, we have already eliminated certain sub-profitable programs, which are expected to incrementally impact 2015 revenues by approximately $25.0 million.

Despite the foreign exchange impact to 2015 revenues, we expect expansion of operating margins. Operating margins as well as diluted earnings per share are expected to be higher in the second half of 2015 relative to the first-half due to timing of the resetting of payroll tax withholdings for the new year, coupled with the impact of inclement weather on our Canadian roadside assistance business.

Our revenues and earnings per share assumptions for the first quarter and full year 2015 are based on foreign exchange rates as of February 2015. Therefore, the continued volatility in foreign exchange rates between the U.S. dollar and the functional currencies of the markets we serve could have a further impact, positive or negative, on revenues and earnings per share relative to the business outlook for the first quarter and full-year as discussed above.

We anticipate a slightly higher effective tax rate for full-year 2015 versus 2014 with the effective tax rate differential driven chiefly by a shift in the geographic mix of earnings to higher tax rate jurisdictions.

Not included in this guidance is the impact of any future acquisitions, share repurchase activities or a potential sale of previously exited customer contact management centers.

Liquidity and Capital Resources

Our primary sources of liquidity are generally cash flows generated by operating activities and from available borrowings under our revolving credit facility. We utilize these capital resources to make capital expenditures associated primarily with our customer contact management services, invest in technology applications and tools to further develop our service offerings and for working capital and other general corporate purposes, including repurchase of our common stock in the open market and to fund acquisitions. In future periods, we intend similar uses of these funds.

On August 18, 2011, the Board authorized us to purchase up to 5.0 million shares of our outstanding common stock (the “2011 Share Repurchase Program”). A total of 4.0 million shares have been repurchased under the 2011 Share Repurchase Program since inception. The shares are purchased, from time to time, through open market purchases or in negotiated private transactions, and the purchases are based on factors, including but not limited to, the stock price, management discretion and general market conditions. The 2011 Share Repurchase Program has no expiration date.

The shares repurchased under our share repurchase programs were as follows (in thousands, except per share amounts):

For the Years Ended	Total Number of Shares Repurchased	Range of Prices Paid Per Share Low	Range of Prices Paid Per Share High	Total Cost of Shares Repurchased
December 31, 2014	**630**	**$ 19.80**	**$ 20.00**	**$ 12,581**
December 31, 2013	341	$ 15.61	$ 16.99	$ 5,479
December 31, 2012	537	$ 13.85	$ 15.00	$ 7,908

During 2014, cash increased $94.3 million from operating activities, $3.6 million from the proceeds from sale of property and equipment, $0.2 million from the release of restricted cash and $0.3 million from the proceeds from grants. Further, we used $44.7 million for capital expenditures, $23.0 million to repay long-term debt, $12.6 million to repurchase our stock and $0.4 million to repurchase stock for minimum tax withholding on equity awards, resulting in a $3.2 million increase in available cash (including the unfavorable effects of foreign currency exchange rates on cash of $14.5 million).

Net cash flows provided by operating activities for 2014 were $94.3 million, compared to $86.2 million in 2013. The $8.1 million increase in net cash flows from operating activities was due to a $20.5 million increase in net income and a $2.0 million increase in non-cash reconciling items such as depreciation and amortization, (gain) loss on the sale of discontinued operations, net (gain) loss on disposal of property and equipment, impairment losses and unrealized foreign currency transaction (gains) losses, net, partially offset by a net decrease of $14.4 million in cash flows from assets and liabilities. The $14.4 million decrease in cash flows from assets and liabilities was principally a result of an $18.2 million increase in accounts receivable, a $2.4 million decrease in other liabilities and a $0.7 million decrease in deferred revenue, partially offset by a $5.1 million decrease in other assets and a $1.8 million increase in taxes payable. The $18.2 million increase in the change in accounts receivable is primarily due to additional receivables' billings related to higher volumes within certain clients as well as the timing of receivables' billings and collections in 2014 over 2013.

We sold our operations in Spain (the "Spanish operations") in 2012. Cash flows from discontinued operations, which are included in the accompanying Consolidated Statement of Cash Flows, were as follows (in thousands):

	Year Ended December 31, 2012
Cash (used for) operating activities of discontinued operations	$ (4,530)
Cash (used for) investing activities of discontinued operations	$ (8,887)

Cash (used for) operating activities of discontinued operations represents the cash used by the Spanish operations in 2012 (none in 2014 and 2013). Cash (used for) investing activities of discontinued operations for 2012 primarily represents the cash divested upon the sale of the Spanish operations. The sale of the Spanish operations resulted in a loss of $10.7 million. We do not expect the absence of the cash flows from our discontinued operations in Spain to materially affect our future liquidity and capital resources.

Capital expenditures, which are generally funded by cash generated from operating activities, available cash balances and borrowings available under our credit facilities, were $44.7 million for 2014, compared to $59.2 million for 2013, a decrease of $14.5 million. In 2015, we anticipate capital expenditures in the range of $55.0 million to $60.0 million, primarily for new seat additions, Enterprise Resource Planning upgrades, facility upgrades, maintenance and systems infrastructure.

On May 3, 2012, we entered into a $245 million revolving credit facility (the "2012 Credit Agreement") with a group of lenders and KeyBank National Association, as Lead Arranger, Sole Book Runner and Administrative Agent ("KeyBank"). The 2012 Credit Agreement replaced our previous $75 million revolving credit facility dated February 2, 2010, as amended, which agreement was terminated simultaneous with entering into the 2012 Credit Agreement. The 2012 Credit Agreement is subject to certain borrowing limitations and includes certain customary financial and restrictive covenants. At December 31, 2014, we were in compliance with all loan requirements of the 2012 Credit Agreement and had $75.0 million and $98.0 million of outstanding borrowings as of December 31, 2014 and 2013, respectively, with an average daily utilization of $85.9 million and $102.5 million during 2014 and 2013, respectively, and $96.8 million for the outstanding period during 2012. During the years ended December 31,

2014, 2013 and 2012, the related interest expense, excluding amortization of deferred loan fees, under our credit agreements was $1.1 million, $1.5 million and $0.5 million, respectively, which represented weighted average interest rates of 1.3%, 1.5% and 1.5%, respectively.

The 2012 Credit Agreement includes a $184 million alternate-currency sub-facility, a $10 million swingline sub-facility and a $35 million letter of credit sub-facility, and may be used for general corporate purposes including acquisitions, share repurchases, working capital support and letters of credit, subject to certain limitations. We are not currently aware of any inability of our lenders to provide access to the full commitment of funds that exist under the 2012 Credit Agreement, if necessary. However, there can be no assurance that such facility will be available to us, even though it is a binding commitment of the financial institutions. The 2012 Credit Agreement will mature on May 2, 2017.

Borrowings under the 2012 Credit Agreement will bear interest at the rates set forth in the Credit Agreement. In addition, we are required to pay certain customary fees, including a commitment fee of 0.175%, which is due quarterly in arrears and calculated on the average unused amount of the 2012 Credit Agreement.

The 2012 Credit Agreement is guaranteed by all of our existing and future direct and indirect material U.S. subsidiaries and secured by a pledge of 100% of the non-voting and 65% of the voting capital stock of all of our direct foreign subsidiaries and those of the guarantors.

We are currently under audit in several tax jurisdictions. We received assessments for the Canadian 2003-2009 audit. Requests for Competent Authority Assistance were filed with both the Canadian Revenue Agency and the U.S. Internal Revenue Service and we paid mandatory security deposits to Canada as part of this process. The total amount of deposits, net of fluctuations in the foreign exchange rate, are $15.9 million and $17.3 million as of December 31, 2014 and 2013, respectively, and are included in “Deferred charges and other assets” in the accompanying Consolidated Balance Sheets. Although the outcome of examinations by taxing authorities is always uncertain, we believe we are adequately reserved for these audits and that resolution is not expected to have a material impact on our financial condition and results of operations.

On August 20, 2012, we completed the acquisition of Alpine, a Delaware corporation, pursuant to the Agreement and Plan of Merger, dated July 27, 2012. The purchase price of $149.0 million was funded through cash on hand of $41.0 million and borrowings of $108.0 million under our 2012 Credit Agreement, dated May 3, 2012.

As of December 31, 2014, we had $215.1 million in cash and cash equivalents, of which approximately 90.3% or $194.4 million, was held in international operations and is deemed to be indefinitely reinvested offshore. These funds may be subject to additional taxes if repatriated to the United States, including withholding tax applied by the country of origin and an incremental U.S. income tax, net of allowable foreign tax credits. There are circumstances where we may be unable to repatriate some of the cash and cash equivalents held by our international operations due to country restrictions. We do not intend nor currently foresee a need to repatriate these funds. We expect our current domestic cash levels and cash flows from operations to be adequate to meet our domestic anticipated working capital needs, including investment activities such as capital expenditures and debt repayment for the next twelve months and the foreseeable future. However, from time to time, we may borrow funds under our 2012 Credit Agreement as a result of the timing of our working capital needs, including capital expenditures. Additionally, we expect our current foreign cash levels and cash flows from foreign operations to be adequate to meet our foreign anticipated working capital needs, including investment activities such as capital expenditures for the next twelve months and the foreseeable future.

If we should require more cash in the U.S. than is provided by our domestic operations for significant discretionary unforeseen activities such as acquisitions of businesses and share repurchases, we could elect to repatriate future foreign earnings and/or raise capital in the U.S through additional borrowings or debt/equity issuances. These alternatives could result in higher effective tax rates, interest expense and/or dilution of earnings. We have borrowed funds domestically and continue to have the ability to borrow additional funds domestically at reasonable interest rates.

Our cash resources could also be affected by various risks and uncertainties, including but not limited to, the risks detailed in Item 1A, Risk Factors.

Off-Balance Sheet Arrangements and Other

At December 31, 2014, we did not have any material commercial commitments, including guarantees or standby repurchase obligations, or any relationships with unconsolidated entities or financial partnerships, including entities often referred to as structured finance or special purpose entities or variable interest entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

From time to time, during the normal course of business, we may make certain indemnities, commitments and guarantees under which we may be required to make payments in relation to certain transactions. These include, but are not limited to: (i) indemnities to clients, vendors and service providers pertaining to claims based on negligence or willful misconduct and (ii) indemnities involving breach of contract, the accuracy of representations and warranties, or other liabilities assumed by us in certain contracts. In addition, we have agreements whereby we will indemnify certain officers and directors for certain events or occurrences while the officer or director is, or was, serving at our request in such capacity. The indemnification period covers all pertinent events and occurrences during the officer's or director's lifetime. The maximum potential amount of future payments we could be required to make under these indemnification agreements is unlimited; however, we have director and officer insurance coverage that limits our exposure and enables us to recover a portion of any future amounts paid. We believe the applicable insurance coverage is generally adequate to cover any estimated potential liability under these indemnification agreements. The majority of these indemnities, commitments and guarantees do not provide for any limitation of the maximum potential for future payments we could be obligated to make. We have not recorded any liability for these indemnities, commitments and other guarantees in the accompanying Consolidated Balance Sheets. In addition, we have some client contracts that do not contain contractual provisions for the limitation of liability, and other client contracts that contain agreed upon exceptions to limitation of liability. We have not recorded any liability in the accompanying Consolidated Balance Sheets with respect to any client contracts under which we have or may have unlimited liability.

Contractual Obligations

The following table summarizes our contractual cash obligations at December 31, 2014, and the effect these obligations are expected to have on liquidity and cash flow in future periods (in thousands):

	Payments Due By Period					
	Total	Less Than 1 Year	1 - 3 Years	3 - 5 Years	After 5 Years	Other
Operating leases [1]	$ 151,523	$ 33,287	$ 46,493	$ 35,942	$35,801	$ —
Purchase obligations [2]	69,080	33,039	31,473	2,968	1,600	—
Accounts payable [3]	25,523	25,523	—	—	—	—
Accrued employee compensation and benefits [3]	82,062	82,062	—	—	—	—
Income taxes payable [4]	3,662	3,662	—	—	—	—
Other accrued expenses and current liabilities [5]	22,009	22,009	—	—	—	—
Long-term debt [6]	75,000	—	75,000	—	—	—
Long-term tax liabilities [7]	7,431	—	—	—	—	7,431
Other long-term liabilities [8]	4,136	—	1,240	361	2,535	—
	$440,426	**$199,582**	**$154,206**	**$ 39,271**	**$39,936**	**$7,431**

[1] Amounts represent the expected cash payments under our operating leases.

[2] Amounts represent the expected cash payments under our purchase obligations, which include agreements to purchase goods or services that are enforceable and legally binding on us and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. Purchase obligations exclude agreements that are cancelable without penalty.

[3] Accounts payable and accrued employee compensation and benefits, which represent amounts due vendors and employees payable within one year.

[4] Income taxes payable, which represents amounts due taxing authorities payable within one year.

[5] Other accrued expenses and current liabilties, which exclude deferred grants, include amounts primarily related to restructuring costs, legal and professional fees, telephone charges, rent, derivative contracts and other accruals.

[6] Amount represents total outstanding borrowings. See Note 20, Borrowings, to the accompanying Consolidated Financial Statements.

[7] Long-term tax liabilities include uncertain tax positions and related penalties and interest as discussed in Note 22, Income Taxes, to the accompanying Consolidated Financial Statements, of which $4.7 million is included in “Long-term income tax liabilities” and $2.7 million is netted within “Deferred charges and other assets” in the accompanying Consolidated Balance Sheet. The amount in the table has been reduced by Canadian mandatory security deposits of $15.9 million, which are included in “Deferred charges and other assets” in the accompanying Consolidated Balance Sheet. We cannot make reasonably reliable estimates of the cash settlement of $7.4 million of the long-term liabilities with the taxing authority; therefore, amounts have been excluded from payments due by period.

[8] Other long-term liabilities, which exclude deferred income taxes and other non-cash long-term liabilities, represent the expected cash payments due under restructuring accruals (primarily lease obligations) and pension obligations. See Notes 4, Costs Associated with Exit or Disposal Activities, and 25, Defined Benefit Pension Plan and Postretirement Benefits, to the accompanying Consolidated Financial Statements.

Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires estimations and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates under different assumptions or conditions.

We believe the following accounting policies are the most critical since these policies require significant judgment or involve complex estimations that are important to the portrayal of our financial condition and operating results. Unless we need to clarify a point to readers, we will refrain from citing specific section references when discussing the application of accounting principles or addressing new or pending accounting rule changes.

Recognition of Revenue

We recognize revenue in accordance with ASC 605 " *Revenue Recognition* ". We primarily recognize revenues from services as the services are performed, which is based on either a per minute, per call, per transaction or per time and material basis, under a fully executed contractual agreement and record reductions to revenues for contractual penalties and holdbacks for failure to meet specified minimum service levels and other performance based contingencies. Revenue recognition is limited to the amount that is not contingent upon delivery of any future product or service or meeting other specified performance conditions. Product sales, accounted for within our fulfillment services, are recognized upon shipment to the customer and satisfaction of all obligations.

Revenues from fulfillment services account for 1.4%, 1.3% and 1.5% of total consolidated revenues for the years ended December 31, 2014, 2013 and 2012, respectively, some of which contain multiple-deliverables. The service offerings for these fulfillment service contracts typically include pick-pack-and-ship, warehousing, process management, finished goods assembly and pass-through costs. In accordance with ASC 605-25 " *Revenue Recognition — Multiple-Element Arrangements* " ("ASC 605-25") (as amended by Accounting Standards Update ("ASU") 2009-13 " *Revenue Recognition (Topic 605): Multiple-Deliverable Revenue Arrangements—a consensus of the FASB Emerging Issues Task Force* ") ("ASU 2009-13"), we determine if the services provided under these contracts with multiple-deliverables represent separate units of accounting. A deliverable constitutes a separate unit of accounting when it has standalone value, and where return rights exist, delivery or performance of the undelivered items is considered probable and substantially within our control. If those deliverables are determined to be separate units of accounting, revenues from these services are recognized as the services are performed under a fully executed contractual agreement. If those deliverables are not determined to be separate units of accounting, revenue for the delivered services are bundled into a single unit of accounting and recognized on the proportional performance method using the straight-line basis over the contract period, or the actual number of operational seats used to serve the client, as appropriate.

We allocate revenue to each of the deliverables based on a selling price hierarchy of vendor specific objective evidence ("VSOE"), third-party evidence, and then estimated selling price. VSOE is based on the price charged when the deliverable is sold separately. Third-party evidence is based on largely interchangeable competitor services in standalone sales to similarly situated customers. Estimated selling price is based on our best estimate of what the selling prices of deliverables would be if they were sold regularly on a standalone basis. Estimated selling price is established considering multiple factors including, but not limited to, pricing practices in different geographies, service offerings, and customer classifications. Once we allocate revenue to each deliverable, we recognize revenue when all revenue recognition criteria are met. As of December 31, 2014, our fulfillment contracts with multiple-deliverables met the separation criteria as outlined in ASC 605-25 and the revenue was accounted for accordingly. Other than these fulfillment contracts, we have no other contracts that contain multiple-deliverables as of December 31, 2014.

Allowance for Doubtful Accounts

We maintain allowances for doubtful accounts, $4.7 million as of December 31, 2014, or 1.6% of trade account receivables, for estimated losses arising from the inability of our customers to make required payments. Our estimate is based on qualitative and quantitative analyses, including credit risk measurement tools and methodologies using the publicly available credit and capital market information, a review of the current status of our trade accounts receivable and historical collection experience of our clients. It is reasonably possible that our estimate of the allowance for doubtful accounts will change if the financial condition of our customers were to deteriorate, resulting in a reduced ability to make payments.

Income Taxes

We reduce deferred tax assets by a valuation allowance if, based on the weight of available evidence, both positive and negative, for each respective tax jurisdiction, it is more likely than not that some portion or all of such deferred tax assets will not be realized. The valuation allowance for a particular tax jurisdiction is allocated between current and noncurrent deferred tax assets for that jurisdiction on a pro rata basis. Available evidence which is considered in determining the amount of valuation allowance required includes, but is not limited to, our estimate of future taxable income and any applicable tax-planning strategies. Establishment or reversal of certain valuation allowances may have a significant impact on both current and future results.

As of December 31, 2014, we determined that a total valuation allowance of $34.1 million was necessary to reduce U.S. deferred tax assets by $0.5 million and foreign deferred tax assets by $33.6 million, where it was more likely than not that some portion or all of such deferred tax assets will not be realized. The recoverability of the remaining net deferred tax asset of $10.5 million as of December 31, 2014 is dependent upon future profitability within each tax jurisdiction. As of December 31, 2014, based on our estimates of future taxable income and any applicable tax-planning strategies within various tax jurisdictions, we believe that it is more likely than not that the remaining net deferred tax assets will be realized.

A provision for income taxes has not been made for the undistributed earnings of foreign subsidiaries of approximately $380.8 million as of December 31, 2014, as the earnings are indefinitely reinvested in foreign business operations. If these earnings are repatriated or otherwise become taxable in the U.S, we would be subject to an incremental U.S. tax expense net of any allowable foreign tax credits, in addition to any applicable foreign withholding tax expense. Determination of any unrecognized deferred tax liability for temporary differences related to investments in foreign subsidiaries that are essentially permanent in duration is not practicable due to the inherent complexity of the multi-national tax environment in which we operate.

We evaluate tax positions that have been taken or are expected to be taken in our tax returns, and record a liability for uncertain tax positions in accordance with ASC 740. The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax regulations. ASC 740 contains a two-step approach to recognizing and measuring uncertain tax positions. First, tax positions are recognized if the weight of available evidence indicates that it is more likely than not that the position will be sustained upon examination, including resolution of related appeals or litigation processes, if any. Second, the tax position is measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement. We reevaluate these uncertain tax positions on a quarterly basis. This evaluation is based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit, and new audit activity. Such a change in recognition or measurement would result in the recognition of a tax benefit or an additional charge to the tax provision.

As of December 31, 2014, we had $13.3 million of unrecognized tax benefits, a net decrease of $1.7 million from $15.0 million as of December 31, 2013. Had we recognized these tax benefits, approximately $13.3 million and $15.0 million and the related interest and penalties would favorably impact the effective tax rate in 2014 and 2013, respectively. We anticipate that approximately $2.2 million of the unrecognized tax benefits will be recognized in the next twelve months due to a lapse in the applicable statute of limitations.

Our provision for income taxes is subject to volatility and is impacted by the distribution of earnings in the various domestic and international jurisdictions in which we operate. Our effective tax rate could be impacted by earnings being either proportionally lower or higher in foreign countries where we have tax rates lower than the U.S. tax rates. In addition, we have been granted tax holidays in several foreign tax jurisdictions, which have various expiration dates ranging from 2015 through 2028. If we are unable to renew a tax holiday in any of these jurisdictions, our effective tax rate could be adversely impacted. In some cases, the tax holidays expire without possibility of renewal. In other cases, we expect to renew these tax holidays, but there are no assurances from the respective foreign governments that they will permit a renewal. The tax holidays decreased the provision for income taxes by $2.7 million, $4.7 million and $6.5 million for the years ended December 31, 2014, 2013 and 2012, respectively. Our effective tax rate could also be affected by several additional factors, including changes in the valuation of our deferred tax assets or liabilities, changing legislation, regulations, and court interpretations that impact tax law in multiple tax jurisdictions in which we operate, as well as new requirements, pronouncements and rulings of certain tax, regulatory and accounting organizations.

Impairment of Long-Lived Assets

We evaluate the carrying value of property and equipment and definite-lived intangible assets, which had a carrying value of $170.5 million as of December 31, 2014, for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset is considered to be impaired when the forecasted undiscounted cash flows of an asset group are estimated to be less than its carrying value. The amount of impairment recognized is the difference between the carrying value of the asset group and its fair value. Fair value estimates are based on assumptions concerning the amount and timing of estimated future cash flows and assumed discount rates. Future adverse changes in market conditions or poor operating results of the underlying investment could result in losses or an inability to recover the carrying value of the investment and, therefore, might require an impairment charge in the future. See Note 5, Fair Value, of the accompanying “Notes to Consolidated Financial Statements” for details of impairment losses related to nonrecurring fair value measurements.

Impairment of Goodwill

We evaluate goodwill, which had a carrying value of $193.8 million as of December 31, 2014, for impairment at least annually, during the third quarter of each year, or whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. To assess the realizability of goodwill, we have the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. We may elect to forgo this option and proceed to the annual two-step goodwill impairment test.

If we elect to perform the qualitative assessment and it indicates that a significant decline to fair value of a reporting unit is more likely than not, or if a reporting unit's fair value has historically been closer to its carrying value, or we elect to forgo this qualitative assessment, we will proceed to Step 1 testing where we calculate the fair value of a reporting unit based on discounted future probability-weighted cash flows. If Step 1 indicates that the carrying value of a reporting unit is in excess of its fair value, we will proceed to Step 2 where the fair value of the reporting unit will be allocated to assets and liabilities as it would in a business combination. Impairment occurs when the carrying amount of goodwill exceeds its estimated fair value calculated in Step 2.

We estimate fair value using discounted cash flows of the reporting units. The most significant assumptions used in these analyses are those made in estimating future cash flows. In estimating future cash flows, we use financial assumptions in our internal forecasting model such as projected capacity utilization, projected changes in the prices we charge for our services, projected labor costs, as well as contract negotiation status. The financial and credit market volatility directly impacts our fair value measurement through our weighted average cost of capital that we use to determine our discount rate. We use a discount rate we consider appropriate for the country where the services are being provided. As of July 31, 2014, our assessment of goodwill impairment indicated that the fair values of our reporting units were substantially in excess of their estimated carrying values, and therefore goodwill in these reporting units was not impaired. If actual results differ substantially from the assumptions used in performing the impairment test, the fair value of the reporting units may be significantly lower, causing the carrying value to exceed the fair value and indicating an impairment has occurred.

Contingencies

We record a liability for pending litigation and claims where losses are both probable and reasonably estimable. Each quarter, management reviews all litigation and claims on a case-by-case basis and assigns probability of loss and range of loss.

Other

We have made certain other estimates that, while not involving the same degree of judgment, are important to understanding our financial statements. These estimates are in the areas of measuring our obligations related to our defined benefit plans and self-insurance accruals.

New Accounting Standards Not Yet Adopted

In April 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-08 " *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360) – Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity"* ("ASU 2014-08"). The amendments in ASU 2014-08 indicate that only those disposals of components of an entity that represent a strategic shift that has (or will have) a major effect on an entity's operations and financial results will be reported as discontinued operations in the financial statements. Currently, a component of an entity that is a reportable segment, an operating segment, a reporting unit, a subsidiary, or an asset group is eligible for discontinued operations presentation. The amendments should be applied to all disposals (or classifications as held for sale) of components of an entity that occur within annual periods beginning on or after December 15, 2014, and interim periods within those years. The adoption of ASU 2014-08 on January 1, 2015 did not have a material impact on our financial condition, results of operations and cash flows.

In May 2014, the FASB issued ASU 2014-09 " *Revenue from Contracts with Customers (Topic 606)"* ("ASU 2014-09"). The amendments in ASU 2014-09 outline a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and indicate that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this, an entity should identify the contract(s) with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when (or as) the entity satisfies a performance obligation. The amendments are effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. We are currently evaluating the impact that the adoption of ASU 2014-09 may have on our financial condition, results of operations and cash flows.

In June 2014, the FASB issued ASU 2014-12 " *Compensation – Stock Compensation (Topic 718) Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period"* ("ASU 2014-12"). The amendments in ASU 2014-12 require that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. A reporting entity should apply existing guidance in Accounting Standards Codification Topic 718, " *Compensation — Stock Compensation "* ("ASC 718"), as it relates to awards with performance conditions that affect vesting to account for such awards. The amendments are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. We do not expect the adoption of ASU 2014-12 to materially impact our financial condition, results of operations and cash flows.

In January 2015, the FASB issued ASU 2015-01 " *Income Statement – Extraordinary and Unusual Items (Subtopic 225-20) Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items"* ("ASU 2015-01"). This amendment eliminates from U.S. GAAP the concept of extraordinary items as part of the FASB's initiative to reduce complexity in accounting standards. The amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. We do not expect the adoption of ASU 2015-01 to materially impact our financial condition, results of operations and cash flows.

U.S. Healthcare Reform Acts

In March 2010, the President of the United States signed into law comprehensive healthcare reform legislation under the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act (the "Acts"). The Acts contain provisions that could materially impact our healthcare costs in the future, thus adversely affecting our profitability. However, based on our evaluation of the potential impact of the Acts, the cost to provide health benefits to employees in compliance with the Acts is not expected to have a material impact on our financial condition, results of operations and cash flows in 2015.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency Risk

Our earnings and cash flows are subject to fluctuations due to changes in currency exchange rates. We are exposed to foreign currency exchange rate fluctuations when subsidiaries with functional currencies other than the U.S. Dollar ("USD") are translated into our USD consolidated financial statements. As exchange rates vary, those results, when translated, may vary from expectations and adversely impact profitability. The cumulative translation effects for subsidiaries using functional currencies other than USD are included in "Accumulated other comprehensive income (loss)" in shareholders' equity. Movements in non-USD currency exchange rates may negatively or positively affect our competitive position, as exchange rate changes may affect business practices and/or pricing strategies of non-U.S. based competitors.

We employ a foreign currency risk management program that periodically utilizes derivative instruments to protect against unanticipated fluctuations in certain earnings and cash flows caused by volatility in foreign currency exchange ("FX") rates. We also utilize derivative contracts to hedge intercompany receivables and payables that are denominated in a foreign currency and to hedge net investments in foreign operations.

We serve a number of U.S.-based clients using customer contact management center capacity in The Philippines and Costa Rica, which are within our Americas segment. Although the contracts with these clients are priced in USDs, a substantial portion of the costs incurred to render services under these contracts are denominated in Philippine Pesos ("PHP") and Costa Rican Colones ("CRC"), which represent FX exposures. Additionally, our EMEA segment services clients in Hungary and Romania where the contracts are priced in Euros ("EUR"), with a substantial portion of the costs incurred to render services under these contracts denominated in Hungarian Forints ("HUF") and Romanian Leis ("RON").

In order to hedge a portion of our anticipated cash flow requirements denominated in PHP, CRC, HUF and RON we had outstanding forward contracts and options as of December 31, 2014 with counterparties through December 2015 with notional amounts totaling $144.0 million. As of December 31, 2014, we had net total derivative assets associated with these contracts with a fair value of $0.6 million, which will settle within the next 12 months. If the USD was to weaken against the PHP and CRC and the EUR was to weaken against the HUF and RON by 10% from current period-end levels, we would incur a loss of approximately $12.7 million on the underlying exposures of the derivative instruments. However, this loss would be mitigated by corresponding gains on the underlying exposures.

We entered into forward exchange contracts with notional amounts totaling $51.6 million to hedge net investments in our foreign operations. The purpose of these derivative instruments is to protect against the risk that the net assets of certain foreign subsidiaries will be adversely affected by changes in exchange rates and economic exposures related to our foreign currency-based investments in these subsidiaries. As of December 31, 2014, the fair value of these derivatives was a net asset of $4.1 million. The potential loss in fair value at December 31, 2014, for these contracts resulting from a hypothetical 10% adverse change in the foreign currency exchange rates is approximately $4.7 million. However, this loss would be mitigated by corresponding gains on the underlying exposures.

We also entered into forward exchange contracts with notional amounts totaling $64.5 million that are not designated as hedges. The purpose of these derivative instruments is to protect against FX volatility pertaining to intercompany receivables and payables, and other assets and liabilities that are denominated in currencies other than our subsidiaries' functional currencies. As of December 31, 2014, the fair value of these derivatives was a net liability of $0.3 million. The potential loss in fair value at December 31, 2014, for these contracts resulting from a hypothetical 10% adverse change in the foreign currency exchange rates is approximately $5.1 million. However, this loss would be mitigated by corresponding gains on the underlying exposures.

We evaluate the credit quality of potential counterparties to derivative transactions and only enter into contracts with those considered to have minimal credit risk. We periodically monitor changes to counterparty credit quality as well as our concentration of credit exposure to individual counterparties.

We do not use derivative financial instruments for speculative trading purposes, nor do we hedge our foreign currency exposure in a manner that entirely offsets the effects of changes in foreign exchange rates.

As a general rule, we do not use financial instruments to hedge local currency denominated operating expenses in countries where a natural hedge exists. For example, in many countries, revenue from the local currency services substantially offsets the local currency denominated operating expenses.

Interest Rate Risk

Our exposure to interest rate risk results from variable debt outstanding under our revolving credit facility. We pay interest on outstanding borrowings at interest rates that fluctuate based upon changes in various base rates. As of December 31, 2014, we had $75.0 million in borrowings outstanding under the revolving credit facility. Based on our level of variable rate debt outstanding during the year ended December 31, 2014, a one-point increase in the weighted average interest rate, which generally equals the LIBOR rate plus an applicable margin, would have had a $0.9 million impact on our results of operations.

We have not historically used derivative instruments to manage exposure to changes in interest rates.

Item 8. Financial Statements and Supplementary Data

The financial statements and supplementary data required by this item are located beginning on page 53 and page 33 of this report, respectively.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as of December 31, 2014. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2014.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

We assessed the effectiveness of our internal control over financial reporting as of December 31, 2014. In making this assessment, we used the criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment, management believes that, as of December 31, 2014, our internal control over financial reporting was effective.

Attestation Report of Independent Registered Public Accounting Firm

Our independent registered public accounting firm has issued an attestation report on our internal control over financial reporting. This report appears on page 45.

Changes to Internal Control Over Financial Reporting

There were no changes in our internal controls over financial reporting during the quarter ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Sykes Enterprises, Incorporated
Tampa, Florida

We have audited the internal control over financial reporting of Sykes Enterprises, Incorporated and subsidiaries (the "Company") as of December 31, 2014, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedules as of and for the year ended December 31, 2014 of the Company and our report dated February 19, 2015 expressed an unqualified opinion on those financial statements and financial statement schedules.

/s/ Deloitte & Touche LLP

Certified Public Accountants
Tampa, Florida

February 19, 2015

Item 9B. Other Information

None.

PART III

Items 10. through 14.

All information required by Items 10 through 14, with the exception of information on Executive Officers which appears in this report in Item 1 under the caption “Executive Officers”, is incorporated by reference to SYKES’ Proxy Statement for the 2015 Annual Meeting of Shareholders.

Table of Contents

PART IV

Item 15. Exhibits and Financial Statement Schedules

The following documents are filed as part of this report:

Consolidated Financial Statements

The Index to Consolidated Financial Statements is set forth on page 53 of this report.

Financial Statements Schedule

Schedule II — Valuation and Qualifying Accounts is set forth on page 105 of this report.

Other schedules have been omitted because they are not required or applicable or the information is included in the Consolidated Financial Statements or notes thereto.

Exhibits:

Exhibit Number	Exhibit Description
2.1	Articles of Merger between Sykes Enterprises, Incorporated, a North Carolina Corporation, and Sykes Enterprises, Incorporated, a Florida Corporation, dated March 1, 1996. (1)
2.2	Agreement and Plan of Merger, dated as of October 5, 2009, among ICT Group, Inc., Sykes Enterprises, Incorporated, SH Merger Subsidiary I, Inc., and SH Merger Subsidiary II, LLC (15)
2.3	Agreement and Plan of Merger, dated as of July 27, 2012, by and among Sykes Enterprises, Incorporated, Sykes Acquisition Subsidiary II, Inc., Alpine Access, Inc., and Shareholder Representative Services LLC. (24)
3.1	Articles of Incorporation of Sykes Enterprises, Incorporated, as amended. (2)
3.2	Articles of Amendment to Articles of Incorporation of Sykes Enterprises, Incorporated, as amended. (3)
3.3	Bylaws of Sykes Enterprises, Incorporated, as amended. (7)
3.4	Amendment to Bylaws of Sykes Enterprises, Incorporated. (26)
4.1	Specimen certificate for the Common Stock of Sykes Enterprises, Incorporated. (1)
10.1	2004 Non-Employee Directors' Fee Plan. (5)*
10.2	First Amended and Restated 2004 Non-Employee Director's Fee Plan. (12)*
10.3	Second Amended and Restated 2004 Non-Employee Director's Fee Plan. (14)*
10.4	Third Amended and Restated 2004 Non-Employee Director's Fee Plan. (16)*
10.5	Fourth Amended and Restated 2004 Non-Employee Director Fee Plan. (20)*
10.6	Fifth Amended and Restated 2004 Non-Employee Director Fee Plan. (28)*
10.7	Form of Split Dollar Plan Documents. (1)*
10.8	Form of Split Dollar Agreement. (1)*

Exhibit Number	Exhibit Description
10.9	Form of Indemnity Agreement between Sykes Enterprises, Incorporated and directors & executive officers. [1]
10.10	2001 Equity Incentive Plan. [4]*
10.11	Form of Restricted Share And Stock Appreciation Right Award Agreement dated as of March 29, 2006. [8]*
10.12	Form of Restricted Share And Bonus Award Agreement dated as of March 29, 2006. [8]*
10.13	Form of Restricted Share Award Agreement dated as of May 24, 2006. [9]*
10.14	Form of Restricted Share And Stock Appreciation Right Award Agreement dated as of January 2, 2007. [10]*
10.15	Form of Restricted Share Award Agreement dated as of January 2, 2007. [10]*
10.16	Form of Restricted Share and Stock Appreciation Right Award Agreement dated as of January 2, 2008. [11]*
10.17	2011 Equity Incentive Plan. [21]*
10.18	Founder's Retirement and Consulting Agreement dated December 10, 2004 between Sykes Enterprises, Incorporated and John H. Sykes. [6]*
10.19	Amended and Restated Employment Agreement dated as of December 30, 2008 between Sykes Enterprises, Incorporated and Charles E. Sykes. [17]*
10.20	Amended and Restated Employment Agreement dated as of December 30, 2008 between Sykes Enterprises, Incorporated and W. Michael Kipphut. [17]*
10.21	Amended and Restated Employment Agreement dated as of December 29, 2008 between Sykes Enterprises, Incorporated and Jenna R. Nelson. [17]*
10.22	Amended and Restated Employment Agreement dated as of December 29, 2008 between Sykes Enterprises, Incorporated and James T. Holder. [17]*
10.23	Amended and Restated Employment Agreement dated as of December 29, 2008 between Sykes Enterprises, Incorporated and William N. Rocktoff. [17]*
10.24	Amended and Restated Employment Agreement dated as of December 29, 2008 between Sykes Enterprises, Incorporated and James Hobby, Jr. [17]*
10.25	Amended and Restated Employment Agreement dated as of December 29, 2008 between Sykes Enterprises, Incorporated and Daniel L. Hernandez. [17]*
10.26	Amended and Restated Employment Agreement dated as of December 29, 2008 between Sykes Enterprises, Incorporated and David L. Pearson. [17]*
10.27	Lease Agreement, dated January 25, 2008, Lease Amendment Number One and Lease Amendment Number Two dated February 12, 2008 and May 28, 2008 respectively, between Sykes Enterprises, Incorporated and Kingstree Office One, LLC. [13]
10.28	Stock Purchase Agreement between Sykes Enterprises, Incorporated (not as a Seller), SEI International Services S.a.r.l. (as Seller), Sykes Enterprises Incorporated Holdings, BV (as Seller) and Antonio Marcelo Cid, Humberto Daniel Sahade as Buyers, dated December 13, 2010. [18]

Exhibit Number	Exhibit Description
10.29	Stock Purchase Agreement between Sykes Enterprises, Incorporated (not as a Seller), ICT Group Netherlands B.V. (as Seller), ICT Group Netherlands Holdings, B.V. (as Seller) and Carolina Gaito, Claudio Martin, Fernando A. Berrondo, Gustavo Rosetti as Buyers, dated December 24, 2010. (19)
10.30	Credit Agreement, dated May 3, 2012, between Sykes Enterprises, Incorporated, the lenders party thereto and KeyBank National Association, as Lead Arranger, Sole Book Runner and Administrative Agent. (22)
10.31	Business Sale and Purchase Agreement, dated as of March 29, 2012, between Sykes Enterprises, Incorporated and Iberphone, S.A.U. (23)
10.32	Stock Purchase Agreement, dated as of March 30, 2012, by and among Sykes Enterprises, Incorporated (not as a Seller), SEI International Services S.a.r.l. (as Seller) and Eugenio Arceu Garcia as Buyer. (23)
10.33	Employment Agreement, dated as of September 13, 2012, between Sykes Enterprises, Incorporated and Lawrence R. Zingale. (25)*
10.34	Employment Agreement, dated as of September 13, 2012, between Sykes Enterprises, Incorporated and Christopher Carrington. (25)*
10.35	Sykes Enterprises, Incorporated Deferred Compensation Plan Amended and Restated as of January 1, 2014. *
10.36	Employment Agreement, dated as of April 15, 2014, between Sykes Enterprises, Incorporated and John Chapman. (27)*
10.37	Employment Agreement, dated as of October 29, 2014, between Sykes Enterprises, Incorporated and Andrew Blanchard. *
14.1	Code of Ethics. (29)
21.1	List of subsidiaries of Sykes Enterprises, Incorporated.
23.1	Consent of Independent Registered Public Accounting Firm.
24.1	Power of Attorney relating to subsequent amendments (included on the signature page of this report).
31.1	Certification of Chief Executive Officer, pursuant to Rule 13a-14(a).
31.2	Certification of Chief Financial Officer, pursuant to Rule 13a-14(a).
32.1	Certification of Chief Executive Officer, pursuant to Section 1350.
32.2	Certification of Chief Financial Officer, pursuant to Section 1350.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

* *Indicates management contract or compensatory plan or arrangement.*

Table of Contents

(1) *Filed as an Exhibit to the Registrant's Registration Statement on Form S-1 (Registration No. 333-2324) and incorporated herein by reference.*

(2) *Filed as Exhibit 3.1 to the Registrant's Registration Statement on Form S-3 filed with the Commission on October 23, 1997, and incorporated herein by reference.*

(3) *Filed as Exhibit 3.2 to the Registrant's Form 10-K filed with the Commission on March 29, 1999, and incorporated herein by reference.*

(4) *Filed as Exhibit 10.32 to Registrant's Form 10-Q filed with the Commission on May 7, 2001, and incorporated herein by reference.*

(5) *Filed as an Exhibit to Registrant's Form 10-Q filed with the Commission on August 9, 2004, and incorporated herein by reference.*

(6) *Filed as an Exhibit to Registrant's Current Report on Form 8-K filed with the Commission on December 16, 2004, and incorporated herein by reference.*

(7) *Filed as an Exhibit to Registrant's Form 10-K filed with the Commission on March 22, 2005, and incorporated herein by reference.*

(8) *Filed as an Exhibit to the Registrant's Current Report on Form 8-K filed with the Commission on April 4, 2006, and incorporated herein by reference.*

(9) *Filed as an Exhibit to the Registrant's Current Report on Form 8-K filed with the Commission on May 31, 2006, and incorporated herein by reference.*

(10) *Filed as an Exhibit to the Registrant's Current Report on Form 8-K filed with the Commission on December 28, 2006, and incorporated herein by reference.*

(11) *Filed as an Exhibit to the Registrant's Current Report on Form 8-K filed with the Commission on January 8, 2008, and incorporated herein by reference.*

(12) *Filed as an Exhibit to the Registrant's Form 10-Q filed with the Commission on May 7, 2008, and incorporated herein by reference.*

(13) *Filed as an Exhibit to the Registrant's Current Report on Form 8-K filed with the Commission on May 29, 2008, and incorporated herein by reference.*

(14) *Filed as an Exhibit to the Registrant's Form 10-Q filed with the Commission on November 5, 2008, and incorporated herein by reference.*

(15) *Filed as an Exhibit to the Registrant's Current Report on Form 8-K filed with the Commission on October 9, 2009, and incorporated herein by reference.*

(16) *Filed as an Exhibit to the Registrant's Proxy Statement for the 2009 annual meeting of shareholders filed with the Commission on April 22, 2009, and incorporated herein by reference.*

(17) *Filed as an Exhibit to the Registrant's Annual Report on Form 10-K filed with the Commission on March 10, 2009, and incorporated herein by reference.*

(18) *Filed as an Exhibit to the Registrant's Current Report on Form 8-K filed with the Commission on December 22, 2010, and incorporated herein by reference.*

(19) *Filed as an Exhibit to the Registrant's Current Report on Form 8-K filed with the Commission on December 30, 2010, and incorporated herein by reference.*

(20) *Filed as an Exhibit to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on August 9, 2011, and incorporated herein by reference.*

(21) *Filed as an Exhibit to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on November 8, 2011, and incorporated herein by reference.*

(22) *Filed as an Exhibit to the Registrant's Form 8-K filed with the Commission on May 7, 2012, and incorporated herein by reference.*

(23) *Filed as an Exhibit to the Registrant's Form 8-K filed with the Commission on April 4, 2012, and incorporated herein by reference.*

(24) *Filed as an Exhibit to the Registrant's Form 8-K filed with the Commission on July 30, 2012, and incorporated herein by reference.*

(25) *Filed as an Exhibit to the Registrant's Form 8-K filed with the Commission on September 19, 2012, and incorporated herein by reference.*

(26) *Filed as an Exhibit to the Registrant's Form 8-K filed with the Commission on March 24, 2014, and incorporated herein by reference.*

(27) Filed as an Exhibit to the Registrant's Form 8-K filed with the Commission on April 15, 2014, and incorporated herein by reference.

(28) *Filed as an Exhibit to the Registrant's Proxy Statement for the 2012 annual meeting of shareholders filed with the Commission on April 14, 2012, and incorporated herein by reference.*

(29) *Available on the Registrant's website at www.sykes.com, by clicking on "Investor Relations" and then "Corporate Governance" under the heading "Corporate Governance."*

Table of Contents

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Tampa, and State of Florida, on this 19th day of February 2015.

SYKES ENTERPRISES, INCORPORATED
(Registrant)

By: /s/ John Chapman
John Chapman
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated. Each person whose signature appears below constitutes and appoints John Chapman his true and lawful attorney-in-fact and agent, with full power of substitution and revocation, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this report and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or should do in person, thereby ratifying and confirming all that said attorneys-in-fact and agents, or either of them, may lawfully do or cause to be done by virtue hereof.

Signature	Title	Date
/s/ Paul L. Whiting Paul L. Whiting	Chairman of the Board	February 19, 2015
/s/ Charles E. Sykes Charles E. Sykes	President and Chief Executive Officer and Director (Principal Executive Officer)	February 19, 2015
/s/ Lt. Gen. Michael P. Delong (Ret.) Lt. Gen. Michael P. Delong (Ret.)	Director	February 19, 2015
/s/ Lorraine L. Lutton Lorraine L. Lutton	Director	February 19, 2015
/s/ Iain A. Macdonald Iain A. Macdonald	Director	February 19, 2015
/s/ James S. MacLeod James S. MacLeod	Director	February 19, 2015
/s/ William J. Meurer William J. Meurer	Director	February 19, 2015
/s/ William D. Muir, Jr. William D. Muir, Jr.	Director	February 19, 2015
/s/ James K. Murray, Jr. James K. Murray, Jr.	Director	February 19, 2015
/s/ John Chapman John Chapman	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	February 19, 2015

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Sykes Enterprises, Incorporated
Tampa, Florida

We have audited the accompanying consolidated balance sheets of Sykes Enterprises, Incorporated and subsidiaries (the "Company") as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income (loss), changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2014. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Sykes Enterprises, Incorporated and subsidiaries as of December 31, 2014 and 2013 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2014, based on the criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 19, 2015 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Certified Public Accountants
Tampa, Florida

February 19, 2015

Table of Contents

SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES
Consolidated Balance Sheets

(in thousands, except per share data)	December 31, 2014	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	**$ 215,137**	$ 211,985
Receivables, net	**290,397**	264,916
Prepaid expenses	**14,896**	15,710
Other current assets	**29,656**	20,672
Total current assets	**550,086**	513,283
Property and equipment, net	**109,880**	117,549
Goodwill, net	**193,831**	199,802
Intangibles, net	**60,620**	76,055
Deferred charges and other assets	**30,083**	43,572
	$ 944,500	$ 950,261
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	**$ 25,523**	$ 25,540
Accrued employee compensation and benefits	**82,072**	81,064
Current deferred income tax liabilities	**144**	84
Income taxes payable	**3,662**	1,274
Deferred revenue	**34,245**	35,025
Other accrued expenses and current liabilities	**22,216**	30,393
Total current liabilities	**167,862**	173,380
Deferred grants	**5,110**	6,637
Long-term debt	**75,000**	98,000
Long-term income tax liabilities	**20,630**	24,647
Other long-term liabilities	**17,680**	11,893
Total liabilities	**286,282**	314,557
Commitments and loss contingency (Note 24)		
Shareholders' equity:		
Preferred stock, $0.01 par value, 10,000 shares authorized; no shares issued and outstanding	**—**	—
Common stock, $0.01 par value, 200,000 shares authorized; 43,291 and 43,997 shares issued, respectively	**433**	440
Additional paid-in capital	**279,288**	279,513
Retained earnings	**400,514**	349,366
Accumulated other comprehensive income (loss)	**(20,561)**	7,997
Treasury stock at cost: 132 and 122 shares, respectively	**(1,456)**	(1,612)
Total shareholders' equity	**658,218**	635,704
	$ 944,500	$ 950,261

See accompanying Notes to Consolidated Financial Statements.

Table of Contents

SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES
Consolidated Statements of Operations

(in thousands, except per share data)	Years Ended December 31, 2014	2013	2012
Revenues	**$1,327,523**	$1,263,460	$1,127,698
Operating expenses:			
Direct salaries and related costs	**892,110**	855,266	737,952
General and administrative	**298,040**	297,519	290,373
Depreciation, net	**45,363**	42,084	40,369
Amortization of intangibles	**14,396**	14,863	10,479
Net (gain) loss on disposal of property and equipment	**(2,030)**	201	391
Impairment of long-lived assets	**89**	—	355
Total operating expenses	**1,247,968**	1,209,933	1,079,919
Income from continuing operations	79,555	53,527	47,779
Other income (expense):			
Interest income	**958**	866	1,458
Interest (expense)	**(2,011)**	(2,307)	(1,547)
Other income (expense)	**(1,343)**	(761)	(2,533)
Total other income (expense)	**(2,396)**	(2,202)	(2,622)
Income from continuing operations before income taxes	**77,159**	51,325	45,157
Income taxes	**19,368**	14,065	5,207
Income from continuing operations, net of taxes	**57,791**	37,260	39,950
(Loss) from discontinued operations, net of taxes	**—**	—	(820)
(Loss) on sale of discontinued operations, net of taxes	**—**	—	(10,707)
Net income	**$ 57,791**	$ 37,260	$ 28,423
Net income (loss) per common share:			
Basic:			
Continuing operations	**$ 1.36**	$ 0.87	$ 0.93
Discontinued operations	**—**	—	(0.27)
Net income (loss) per common share	**$ 1.36**	$ 0.87	$ 0.66
Diluted:			
Continuing operations	**$ 1.35**	$ 0.87	$ 0.93
Discontinued operations	**—**	—	(0.27)
Net income (loss) per common share	**$ 1.35**	$ 0.87	$ 0.66
Weighted average common shares outstanding:			
Basic	**42,609**	42,877	43,105
Diluted	**42,814**	42,925	43,148

See accompanying Notes to Consolidated Financial Statements.

SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income (Loss)

(in thousands)	Years Ended December 31, 2014	2013	2012
Net income	**$ 57,791**	$ 37,260	$ 28,423
Other comprehensive income (loss), net of taxes:			
Foreign currency translation gain (loss), net of taxes	**(34,827)**	(3,332)	10,088
Unrealized gain (loss) on net investment hedges, net of taxes	**3,959**	(1,118)	—
Unrealized actuarial gain (loss) related to pension liability, net of taxes	**(142)**	(263)	428
Unrealized gain (loss) on cash flow hedging instruments, net of taxes	**2,424**	(1,965)	(132)
Unrealized gain (loss) on postretirement obligation, net of taxes	**28**	(181)	36
Other comprehensive income (loss), net of taxes	**(28,558)**	(6,859)	10,420
Comprehensive income (loss)	**$ 29,233**	$ 30,401	$ 38,843

See accompanying Notes to Consolidated Financial Statements.

Table of Contents

SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES
Consolidated Statements of Changes in Shareholders' Equity

(in thousands)	Common Stock Shares Issued	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balance at January 1, 2012	44,306	$ 443	$281,157	$291,803	$ 4,436	$ (4,273)	$573,566
Stock-based compensation expense	—	—	3,467	—	—	—	3,467
Excess tax benefit (deficiency) from stock-based compensation	—	—	(292)	—	—	—	(292)
Net vesting (forfeitures) of common stock and restricted stock under equity award plans	229	3	(1,195)	—	—	(220)	(1,412)
Repurchase of common stock	—	—	—	—	—	(7,908)	(7,908)
Retirement of treasury stock	(745)	(8)	(5,945)	(5,039)	—	10,992	—
Comprehensive income (loss)	—	—	—	28,423	10,420	—	38,843
Balance at December 31, 2012	43,790	438	277,192	315,187	14,856	(1,409)	606,264
Issuance of common stock	10	—	59	—	—	—	59
Stock-based compensation expense	—	—	4,873	—	—	—	4,873
Excess tax benefit (deficiency) from stock-based compensation	—	—	(187)	—	—	—	(187)
Net vesting (forfeitures) of common stock and restricted stock under equity award plans	538	5	(29)	—	—	(203)	(227)
Repurchase of common stock	—	—	—	—	—	(5,479)	(5,479)
Retirement of treasury stock	(341)	(3)	(2,395)	(3,081)	—	5,479	—
Comprehensive income (loss)	—	—	—	37,260	(6,859)	—	30,401
Balance at December 31, 2013	43,997	440	279,513	349,366	7,997	(1,612)	635,704
Stock-based compensation expense	**—**	**—**	**6,381**	**—**	**—**	**—**	**6,381**
Excess tax benefit (deficiency) from stock-based compensation	**—**	**—**	**(82)**	**—**	**—**	**—**	**(82)**
Net vesting (forfeitures) of common stock and restricted stock under equity award plans	**(76)**	**(1)**	**(592)**	**—**	**—**	**156**	**(437)**
Repurchase of common stock	**—**	**—**	**—**	**—**	**—**	**(12,581)**	**(12,581)**
Retirement of treasury stock	**(630)**	**(6)**	**(5,932)**	**(6,643)**	**—**	**12,581**	**—**
Comprehensive income (loss)	**—**	**—**	**—**	**57,791**	**(28,558)**	**—**	**29,233**
Balance at December 31, 2014	**43,291**	**$ 433**	**$279,288**	**$400,514**	**$ (20,561)**	**$ (1,456)**	**$658,218**

See accompanying Notes to Consolidated Financial Statements.

Table of Contents

SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES
Consolidated Statements of Cash Flows

(in thousands)	Years Ended December 31, 2014	2013	2012
Cash flows from operating activities :			
Net income	**$ 57,791**	$ 37,260	$ 28,423
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	**46,255**	43,094	41,570
Amortization of intangibles	**14,396**	14,863	10,479
Amortization of deferred grants	**(1,348)**	(1,148)	(1,201)
Impairment losses	**89**	—	355
Unrealized foreign currency transaction (gains) losses, net	**119**	6,302	2,131
Stock-based compensation expense	**6,381**	4,873	3,467
Deferred income tax provision (benefit)	**4,865**	(362)	(4,867)
Net (gain) loss on disposal of property and equipment	**(2,030)**	201	391
Bad debt expense (reversals)	**(181)**	483	1,115
Unrealized (gains) losses on financial instruments, net	**2,352**	(15)	(1,361)
Amortization of deferred loan fees	**259**	259	368
Loss on sale of discontinued operations	**—**	—	10,707
Other	**(624)**	(56)	294
Changes in assets and liabilities, net of acquisition:			
Receivables	**(40,276)**	(22,062)	(6,771)
Prepaid expenses	**336**	(3,931)	694
Other current assets	**(6,673)**	(1,177)	1,705
Deferred charges and other assets	**3,545**	(2,754)	(18,388)
Accounts payable	**2,029**	(1,282)	(1,589)
Income taxes receivable / payable	**2,609**	804	1,555
Accrued employee compensation and benefits	**5,179**	9,140	4,872
Other accrued expenses and current liabilities	**(5,026)**	(2,025)	11,476
Deferred revenue	**2,147**	2,826	(163)
Other long-term liabilities	**2,070**	925	1,252
Net cash provided by operating activities	**94,264**	86,218	86,514
Cash flows from investing activities:			
Capital expenditures	**(44,683)**	(59,193)	(38,647)
Cash paid for business acquisition, net of cash acquired	**—**	—	(147,094)
Proceeds from sale of property and equipment	**3,639**	388	240
Investment in restricted cash	**(7)**	(562)	(67)
Release of restricted cash	**160**	—	356
Cash divested on sale of discontinued operations	**—**	—	(9,100)
Proceeds from insurance settlement	**—**	—	228
Net cash (used for) investing activities	**(40,891)**	(59,367)	(194,084)

SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Continued)

(in thousands)	Years Ended December 31, 2014	2013	2012
Cash flows from financing activities:			
Payments of long-term debt	**(23,000)**	(25,000)	(22,000)
Proceeds from issuance of long-term debt	**—**	32,000	113,000
Proceeds from issuance of common stock	**—**	59	—
Cash paid for repurchase of common stock	**(12,581)**	(5,479)	(7,908)
Proceeds from grants	**256**	201	88
Shares repurchased for minimum tax withholding on equity awards	**(437)**	(227)	(1,412)
Cash paid for loan fees related to long-term debt	**—**	—	(857)
Net cash provided by (used for) financing activities	**(35,762)**	1,554	80,911
Effects of exchange rates on cash and cash equivalents	**(14,459)**	(3,742)	2,859
Net increase (decrease) in cash and cash equivalents	**3,152**	24,663	(23,800)
Cash and cash equivalents — beginning	**211,985**	187,322	211,122
Cash and cash equivalents — ending	**$215,137**	$211,985	$187,322
Supplemental disclosures of cash flow information:			
Cash paid during period for interest	**$ 1,716**	$ 2,149	$ 2,239
Cash paid during period for income taxes	**$ 16,560**	$ 16,889	$ 28,822
Non-cash transactions:			
Property and equipment additions in accounts payable	**$ 5,512**	$ 6,002	$ 3,782
Unrealized gain (loss) on postretirement obligation in accumulated other comprehensive income (loss)	**$ 28**	$ (181)	$ 36

See accompanying Notes to Consolidated Financial Statements.

SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 1. Overview and Summary of Significant Accounting Policies

Business — Sykes Enterprises, Incorporated and consolidated subsidiaries ("SYKES" or the "Company") provides comprehensive outsourced customer contact management solutions and services in the business process outsourcing arena to companies, primarily within the communications, financial services, technology/consumer, transportation and leisure, and healthcare industries. SYKES provides flexible, high-quality outsourced customer contact management services (with an emphasis on inbound technical support and customer service), which includes customer assistance, healthcare and roadside assistance, technical support and product sales to its clients' customers. Utilizing SYKES' integrated onshore/offshore global delivery model, SYKES provides its services through multiple communication channels encompassing phone, e-mail, social media, text messaging and chat. SYKES complements its outsourced customer contact management services with various enterprise support services in the United States that encompass services for a company's internal support operations, from technical staffing services to outsourced corporate help desk services. In Europe, SYKES also provides fulfillment services including order processing, payment processing, inventory control, product delivery and product returns handling. The Company has operations in two reportable segments entitled (1) the Americas, which includes the United States, Canada, Latin America, Australia and the Asia Pacific Rim, in which the client base is primarily companies in the United States that are using the Company's services to support their customer management needs; and (2) EMEA, which includes Europe, the Middle East and Africa.

Acquisition — In August 2012, the Company completed the acquisition of Alpine Access, Inc. ("Alpine"), a Delaware corporation, pursuant to the Agreement and Plan of Merger, dated July 27, 2012. The Company has reflected the operating results in the Consolidated Statements of Operations since August 20, 2012. See Note 2, Acquisition of Alpine Access, Inc., for additional information on the acquisition of this business.

Discontinued Operations — In March 2012, the Company sold its operations in Spain (the "Spanish operations"), pursuant to an asset purchase agreement dated March 29, 2012 and a stock purchase agreement dated March 30, 2012. The Company reflected the operating results related to the Spanish operations as discontinued operations in the Consolidated Statement of Operations for the year ended December 31, 2012. Cash flows from discontinued operations are included in the Consolidated Statement of Cash Flows for the year ended December 31, 2012. See Note 3, Discontinued Operations, for additional information on the sale of the Spanish operations.

Principles of Consolidation — The consolidated financial statements include the accounts of SYKES and its wholly-owned subsidiaries and controlled majority-owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates — The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting principles" or "U.S. GAAP") requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events — Subsequent events or transactions have been evaluated through the date and time of issuance of the consolidated financial statements. There were no material subsequent events that required recognition or disclosure in the accompanying consolidated financial statements.

Recognition of Revenue — The Company recognizes revenue in accordance with Accounting Standards Codification ("ASC") 605 " *Revenue Recognition* " ("ASC 605"). The Company primarily recognizes revenues from services as the services are performed, which is based on either a per minute, per call, per transaction or per time and material basis, under a fully executed contractual agreement and record reductions to revenues for contractual penalties and holdbacks for failure to meet specified minimum service levels and other performance based contingencies. Revenue recognition is limited to the amount that is not contingent upon delivery of any future product or service or meeting other specified performance conditions. Product sales, accounted for within our fulfillment services, are recognized upon shipment to the customer and satisfaction of all obligations.

Revenues from fulfillment services account for 1.4%, 1.3% and 1.5% of total consolidated revenues for the years ended December 31, 2014, 2013 and 2012, respectively, some of which contain multiple-deliverables. The service offerings for these fulfillment service contracts typically include pick-pack-and-ship, warehousing, process management, finished goods assembly and pass-through costs. In accordance with ASC 605-25 " *Revenue Recognition — Multiple-Element Arrangements* " ("ASC 605-25") [as amended by Accounting Standards Update ("ASU") 2009-13 " *Revenue Recognition (Topic 605): Multiple-Deliverable Revenue Arrangements — a consensus of the FASB Emerging Issues Task Force* " ("ASU 2009-13")], the Company determines if the services provided under these contracts with multiple-deliverables represent separate units of accounting. A deliverable constitutes a separate unit of accounting when it has standalone value, and where return rights exist, delivery or performance of the undelivered items is considered probable and substantially within our control. If those deliverables are determined to be separate units of accounting, revenues from these services are recognized as the services are performed under a fully executed contractual agreement. If those deliverables are not determined to be separate units of accounting, revenue for the delivered services are bundled into a single unit of accounting and recognized on the proportional performance method using the straight-line basis over the contract period, or the actual number of operational seats used to serve the client, as appropriate.

The Company allocates revenue to each of the deliverables based on a selling price hierarchy of vendor specific objective evidence ("VSOE"), third-party evidence, and then estimated selling price. VSOE is based on the price charged when the deliverable is sold separately. Third-party evidence is based on largely interchangeable competitor services in standalone sales to similarly situated customers. Estimated selling price is based on the Company's best estimate of what the selling prices of deliverables would be if they were sold regularly on a standalone basis. Estimated selling price is established considering multiple factors including, but not limited to, pricing practices in different geographies, service offerings, and customer classifications. Once the Company allocates revenue to each deliverable, the Company recognizes revenue when all revenue recognition criteria are met. As of December 31, 2014, the Company's fulfillment contracts with multiple-deliverables met the separation criteria as outlined in ASC 605-25 and the revenue was accounted for accordingly. Other than these fulfillment contracts, the Company had no other contracts that contain multiple-deliverables as of December 31, 2014.

Cash and Cash Equivalents — Cash and cash equivalents consist of cash and highly liquid short-term investments. Cash in the amount of $215.1 million and $212.0 million at December 31, 2014 and 2013, respectively, was primarily held in interest bearing investments, which have original maturities of less than 90 days. Cash and cash equivalents of $194.4 million and $195.0 million at December 31, 2014 and 2013, respectively, were held in international operations and may be subject to additional taxes if repatriated to the United States ("U.S.").

Restricted Cash — Restricted cash includes cash whereby the Company's ability to use the funds at any time is contractually limited or is generally designated for specific purposes arising out of certain contractual or other obligations. Restricted cash is included in "Other current assets" and "Deferred charges and other assets" in the accompanying Consolidated Balance Sheets.

Allowance for Doubtful Accounts — The Company maintains allowances for doubtful accounts on trade account receivables for estimated losses arising from the inability of its customers to make required payments. The Company's estimate is based on qualitative and quantitative analyses, including credit risk measurement tools and methodologies using the publicly available credit and capital market information, a review of the current status of the Company's trade accounts receivable and historical collection experience of the Company's clients. It is reasonably possible that the Company's estimate of the allowance for doubtful accounts will change if the financial condition of the Company's customers were to deteriorate, resulting in a reduced ability to make payments.

Property and Equipment — Property and equipment is recorded at cost and depreciated using the straight-line method over the estimated useful lives of the respective assets. Improvements to leased premises are amortized over the shorter of the related lease term or the estimated useful lives of the improvements. Cost and related accumulated depreciation on assets retired or disposed of are removed from the accounts and any resulting gains or losses are credited or charged to income. The Company capitalizes certain costs incurred, if any, to internally develop software upon the establishment of technological feasibility. Costs incurred prior to the establishment of technological feasibility are expensed as incurred.

The carrying value of property and equipment to be held and used is evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable in accordance with ASC 360 " *Property, Plant and Equipment.* " For purposes of recognition and measurement of an impairment loss, assets are grouped at the lowest levels for which there are identifiable cash flows (the "reporting unit"). An asset is considered

to be impaired when the sum of the undiscounted future net cash flows expected to result from the use of the asset and its eventual disposition does not exceed its carrying amount. The amount of the impairment loss, if any, is measured as the amount by which the carrying value of the asset exceeds its estimated fair value, which is generally determined based on appraisals or sales prices of comparable assets or independent third party offers. Occasionally, the Company redeploys property and equipment from under-utilized centers to other locations to improve capacity utilization if it is determined that the related undiscounted future cash flows in the under-utilized centers would not be sufficient to recover the carrying amount of these assets. Except as discussed in Note 5, Fair Value, the Company determined that its property and equipment were not impaired as of December 31, 2014.

Rent Expense — The Company has entered into operating lease agreements, some of which contain provisions for future rent increases, rent free periods, or periods in which rent payments are reduced. The total amount of the rental payments due over the lease term is being charged to rent expense on the straight-line method over the term of the lease in accordance with ASC 840 " *Leases.* "

Goodwill — The Company accounts for goodwill and other intangible assets under ASC 350 " *Intangibles — Goodwill and Other*" ("ASC 350"). The Company expects to receive future benefits from previously acquired goodwill over an indefinite period of time. For goodwill and other intangible assets with indefinite lives not subject to amortization, the Company reviews goodwill and intangible assets for impairment at least annually in the third quarter, and more frequently in the presence of certain circumstances. The Company has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, the Company determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. However, if the Company concludes otherwise, then it is required to perform the first step of the two-step impairment test by calculating the fair value of the reporting unit and comparing the fair value with the carrying amount of the reporting unit. If the carrying amount of a reporting unit exceeds its fair value, then the Company is required to perform the second step of the goodwill impairment test to measure the amount of the impairment loss, if any.

The Company elected to forgo the option to first assess qualitative factors and completed its annual two-step goodwill impairment test during the three months ended September 30, 2014. Under ASC 350, the carrying value of assets is calculated at the reporting unit level. The quantitative assessment of goodwill includes comparing a reporting unit's calculated fair value to its carrying value. The calculation of fair value requires significant judgments including estimation of future cash flows, which is dependent on internal forecasts, estimation of the long-term rate of growth, the useful life over which cash flows will occur and determination of the Company's weighted average cost of capital. Changes in these estimates and assumptions could materially affect the determination of fair value and/or conclusions on goodwill impairment for each reporting unit. If the fair value of the reporting unit is less than its carrying value, goodwill is considered impaired and an impairment loss is recorded to the extent that the fair value of the goodwill within the reporting unit is less than its carrying value. As of July 31, 2014, the Company concluded that the fair value of each reporting unit was substantially in excess of its carrying value and goodwill was not impaired.

Intangible Assets — Intangible assets, primarily customer relationships and trade names, are amortized using the straight-line method over their estimated useful lives which approximate the pattern in which the economic benefits of the assets are consumed. The Company periodically evaluates the recoverability of intangible assets and takes into account events or changes in circumstances that warrant revised estimates of useful lives or that indicate that impairment exists. Fair value for intangible assets is based on discounted cash flows, market multiples and/or appraised values, as appropriate.

Value Added Tax Receivables — The Philippine operations are subject to value added tax ("VAT") which is usually applied to all goods and services purchased throughout The Philippines. Upon validation and certification of the VAT receivables by the Philippine government, the resulting value added tax certificates ("certificates") can be either used to offset current tax obligations or offered for sale to the Philippine government. The VAT receivables balance is recorded at its net realizable value.

Income Taxes — The Company accounts for income taxes under ASC 740 " *Income Taxes* " ("ASC 740") which requires recognition of deferred tax assets and liabilities to reflect tax consequences of differences between the tax bases of assets and liabilities and their reported amounts in the accompanying consolidated financial statements. Deferred tax assets are reduced by a valuation allowance if, based on the weight of available evidence, both positive and negative, for each respective tax jurisdiction, it is more likely than not that the deferred tax assets will not be realized in accordance with the criteria of ASC 740. Valuation allowances are established against deferred tax assets due to an uncertainty of realization. Valuation allowances are reviewed each period on a tax jurisdiction by tax jurisdiction basis to analyze whether there is sufficient positive or negative evidence, in accordance with criteria of ASC 740, to support a change in judgment about the ability to realize the related deferred tax assets. Uncertainties regarding expected future income in certain jurisdictions could affect the realization of deferred tax assets in those jurisdictions.

The Company evaluates tax positions that have been taken or are expected to be taken in its tax returns, and records a liability for uncertain tax positions in accordance with ASC 740. ASC 740 contains a two-step approach to recognizing and measuring uncertain tax positions. First, tax positions are recognized if the weight of available evidence indicates that it is more likely than not that the position will be sustained upon examination, including resolution of related appeals or litigation processes, if any. Second, the tax position is measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement. The Company recognizes interest and penalties related to unrecognized tax benefits in the provision for income taxes in the accompanying consolidated financial statements.

Self-Insurance Programs — The Company self-insures for certain levels of workers' compensation and self-funds the medical, prescription drug and dental benefit plans in the United States. Estimated costs are accrued at the projected settlements for known and anticipated claims. Amounts related to these self-insurance programs are included in "Accrued employee compensation and benefits" and "Other long-term liabilities" in the accompanying Consolidated Balance Sheets.

Deferred Grants — Recognition of income associated with grants for land and the acquisition of property, buildings and equipment (together, "property grants") is deferred until after the completion and occupancy of the building and title has passed to the Company, and the funds have been released from escrow. The deferred amounts for both land and building are amortized and recognized as a reduction of depreciation expense over the corresponding useful lives of the related assets. Amounts received in excess of the cost of the building are allocated to the cost of equipment and, only after the grants are released from escrow, recognized as a reduction of depreciation expense over the weighted average useful life of the related equipment, which approximates five years. Upon sale of the related facilities, any deferred grant balance is recognized in full and is included in the gain on sale of property and equipment.

The Company receives government employment grants as an incentive to create and maintain permanent employment positions for a specified time period. The grants are repayable, under certain terms and conditions, if the Company's relevant employment levels do not meet or exceed the employment levels set forth in the grant agreements. Accordingly, grant monies received are deferred and amortized primarily as a reduction to "Direct salaries and related costs" using the proportionate performance model over the required employment period.

Deferred Revenue — The Company receives up-front fees in connection with certain contracts. The deferred revenue is earned over the service periods of the respective contracts, which range from 30 days to seven years. Deferred revenue included in current liabilities in the accompanying Consolidated Balance Sheets includes the up-front fees associated with services to be provided over the next ensuing twelve month period and the up-front fees associated with services to be provided over multiple years in connection with contracts that contain cancellation and refund provisions, whereby the manufacturers or customers can terminate the contracts and demand pro-rata refunds of the up-front fees with short notice. Deferred revenue included in current liabilities in the accompanying Consolidated Balance Sheets also includes estimated penalties and holdbacks for failure to meet specified minimum service levels in certain contracts and other performance based contingencies.

Stock-Based Compensation — The Company has three stock-based compensation plans: the 2011 Equity Incentive Plan (for employees and certain non-employees), the 2004 Non-Employee Director Fee Plan (for non-employee directors), both approved by the shareholders, and the Deferred Compensation Plan (for certain eligible employees). All of these plans are discussed more fully in Note 26, Stock-Based Compensation. Stock-based awards under these plans may consist of common stock, stock options, cash-settled or stock-settled stock appreciation rights, restricted stock and other stock-based awards. The Company issues common stock and uses treasury stock to satisfy stock option exercises or vesting of stock awards.

In accordance with ASC 718 " *Compensation — Stock Compensation* " ("ASC 718"), the Company recognizes in its accompanying Consolidated Statements of Operations the grant-date fair value of stock options and other equity-based compensation issued to employees and directors. Compensation expense for equity-based awards is recognized over the requisite service period, usually the vesting period, while compensation expense for liability-based awards (those usually settled in cash rather than stock) is re-measured to fair value at each balance sheet date until the awards are settled.

Fair Value of Financial Instruments — The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

- Cash, Short-Term and Other Investments, Investments Held in Rabbi Trust and Accounts Payable — The carrying values for cash, short-term and other investments, investments held in rabbi trust and accounts payable approximate their fair values.
- Foreign Currency Forward Contracts and Options — Foreign currency forward contracts and options, including premiums paid on options, are recognized at fair value based on quoted market prices of comparable instruments or, if none are available, on pricing models or formulas using current market and model assumptions, including adjustments for credit risk.
- Long-Term Debt — The carrying value of long-term debt approximates its estimated fair value as it re-prices at varying interest rates.

Fair Value Measurements — ASC 820 " *Fair Value Measurements and Disclosures* " ("ASC 820") defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosures about fair value measurements. ASC 820-10-20 clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

ASC 825 " *Financial Instruments*" ("ASC 825") permits an entity to measure certain financial assets and financial liabilities at fair value with changes in fair value recognized in earnings each period. The Company has not elected to use the fair value option permitted under ASC 825 for any of its financial assets and financial liabilities that are not already recorded at fair value.

A description of the Company's policies regarding fair value measurement is summarized below.

Fair Value Hierarchy — ASC 820-10-35 requires disclosure about how fair value is determined for assets and liabilities and establishes a hierarchy for which these assets and liabilities must be grouped, based on significant levels of observable or unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. This hierarchy requires the use of observable market data when available. These two types of inputs have created the following fair value hierarchy:

- Level 1 — Quoted prices for identical instruments in active markets.
- Level 2 — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 — Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Determination of Fair Value — The Company generally uses quoted market prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access to determine fair value, and classifies such items in Level 1. Fair values determined by Level 2 inputs utilize inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted market prices in active markets for similar assets or liabilities, and inputs other than quoted market prices that are observable for the asset or liability. Level 3 inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

If quoted market prices are not available, fair value is based upon internally developed valuation techniques that use, where possible, current market-based or independently sourced market parameters, such as interest rates, currency rates, etc. Assets or liabilities valued using such internally generated valuation techniques are classified according to the lowest level input or value driver that is significant to the valuation. Thus, an item may be classified in Level 3 even though there may be some significant inputs that are readily observable.

The following section describes the valuation methodologies used by the Company to measure assets and liabilities at fair value on a recurring basis, including an indication of the level in the fair value hierarchy in which each asset or liability is generally classified.

Money Market and Open-End Mutual Funds — The Company uses quoted market prices in active markets to determine the fair value of money market and open-end mutual funds, which are classified in Level 1 of the fair value hierarchy.

Foreign Currency Forward Contracts and Options — The Company enters into foreign currency forward contracts and options over the counter and values such contracts using quoted market prices of comparable instruments or, if none are available, on pricing models or formulas using current market and model assumptions, including adjustments for credit risk. The key inputs include forward or option foreign currency exchange rates and interest rates. These items are classified in Level 2 of the fair value hierarchy.

Investments Held in Rabbi Trust — The investment assets of the rabbi trust are valued using quoted market prices in active markets, which are classified in Level 1 of the fair value hierarchy. For additional information about the deferred compensation plan, refer to Note 13, Investments Held in Rabbi Trust, and Note 26, Stock-Based Compensation.

Guaranteed Investment Certificates — Guaranteed investment certificates, with variable interest rates linked to the prime rate, approximate fair value due to the automatic ability to re-price with changes in the market; such items are classified in Level 2 of the fair value hierarchy.

Foreign Currency Translation — The assets and liabilities of the Company's foreign subsidiaries, whose functional currency is other than the U.S. Dollar, are translated at the exchange rates in effect on the reporting date, and income and expenses are translated at the weighted average exchange rate during the period. The net effect of translation gains and losses is not included in determining net income, but is included in "Accumulated other comprehensive income (loss)" ("AOCI"), which is reflected as a separate component of shareholders' equity until the sale or until the complete or substantially complete liquidation of the net investment in the foreign subsidiary. Foreign currency transactional gains and losses are included in "Other income (expense)" in the accompanying Consolidated Statements of Operations.

Foreign Currency and Derivative Instruments — The Company accounts for financial derivative instruments under ASC 815 " *Derivatives and Hedging* " ("ASC 815"). The Company generally utilizes non-deliverable forward contracts and options expiring within one to 24 months to reduce its foreign currency exposure due to exchange rate fluctuations on forecasted cash flows denominated in non-functional foreign currencies and net investments in foreign operations. In using derivative financial instruments to hedge exposures to changes in exchange rates, the Company exposes itself to counterparty credit risk.

The Company designates derivatives as either (1) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow" hedge); (2) a hedge of a net investment in a foreign operation; or (3) a derivative that does not qualify for hedge accounting. To qualify for hedge accounting treatment, a derivative must be highly effective in mitigating the designated risk of the hedged item. Effectiveness of the hedge is formally assessed at inception and throughout the life of the hedging relationship. Even if a derivative qualifies for hedge accounting treatment, there may be an element of ineffectiveness of the hedge.

Changes in the fair value of derivatives that are highly effective and designated as cash flow hedges are recorded in AOCI, until the forecasted underlying transactions occur. Any realized gains or losses resulting from the cash flow hedges are recognized together with the hedged transaction within “Revenues”. Changes in the fair value of derivatives that are highly effective and designated as a net investment hedge are recorded in cumulative translation adjustment in AOCI, offsetting the change in cumulative translation adjustment attributable to the hedged portion of the Company’s net investment in the foreign operation. Any realized gains and losses from settlements of the net investment hedge remain in AOCI until partial or complete liquidation of the net investment. Ineffectiveness is measured based on the change in fair value of the forward contracts and options and the fair value of the hypothetical derivatives with terms that match the critical terms of the risk being hedged. Hedge ineffectiveness is recognized within “Revenues” for cash flow hedges and within “Other income (expense)” for net investment hedges. Cash flows from the derivative contracts are classified within the operating section in the accompanying Consolidated Statements of Cash Flows.

The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedging activities. This process includes linking all derivatives that are designated as cash flow hedges to forecasted transactions. Hedges of a net investment in a foreign operation are linked to the specific foreign operation. The Company also formally assesses, both at the hedge’s inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective on a prospective and retrospective basis. When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge or if a forecasted hedge is no longer probable of occurring, or if the Company de-designates a derivative as a hedge, the Company discontinues hedge accounting prospectively. At December 31, 2014 and 2013, all hedges were determined to be highly effective.

The Company also periodically enters into forward contracts that are not designated as hedges as defined under ASC 815. The purpose of these derivative instruments is to reduce the effects from fluctuations caused by volatility in currency exchange rates on the Company’s operating results and cash flows. All changes in the fair value of the derivative instruments are included in “Other income (expense)”. See Note 12, Financial Derivatives, for further information on financial derivative instruments.

Reclassifications — Certain balances in prior years have been reclassified to conform to current year presentation.

New Accounting Standards Not Yet Adopted

In April 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-08 “ *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360) – Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity”* (“ASU 2014-08”). The amendments in ASU 2014-08 indicate that only those disposals of components of an entity that represent a strategic shift that has (or will have) a major effect on an entity’s operations and financial results will be reported as discontinued operations in the financial statements. Currently, a component of an entity that is a reportable segment, an operating segment, a reporting unit, a subsidiary, or an asset group is eligible for discontinued operations presentation. The amendments should be applied to all disposals (or classifications as held for sale) of components of an entity that occur within annual periods beginning on or after December 15, 2014, and interim periods within those years. The adoption of ASU 2014-08 on January 1, 2015 did not have a material impact on the financial condition, results of operations and cash flows of the Company.

In May 2014, the FASB issued ASU 2014-09 “ *Revenue from Contracts with Customers (Topic 606)”* (“ASU 2014-09”). The amendments in ASU 2014-09 outline a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and indicate that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this, an entity should identify the contract(s) with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when (or as) the entity satisfies a performance obligation. The amendments are effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. The Company is currently evaluating the impact that the adoption of ASU 2014-09 may have on its financial condition, results of operations and cash flows.

In June 2014, the FASB issued ASU 2014-12 " *Compensation – Stock Compensation (Topic 718) Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period"* ("ASU 2014-12"). The amendments in ASU 2014-12 require that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. A reporting entity should apply existing guidance in Accounting Standards Codification Topic 718, " *Compensation — Stock Compensation "* ("ASC 718"), as it relates to awards with performance conditions that affect vesting to account for such awards. The amendments are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. The Company does not expect the adoption of ASU 2014-12 to materially impact its financial condition, results of operations and cash flows.

In January 2015, the FASB issued ASU 2015-01 " *Income Statement – Extraordinary and Unusual Items (Subtopic 225-20) Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items"* ("ASU 2015-01"). This amendment eliminates from U.S. GAAP the concept of extraordinary items as part of the FASB's initiative to reduce complexity in accounting standards. The amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. The Company does not expect the adoption of ASU 2015-01 to materially impact its financial condition, results of operations and cash flows.

New Accounting Standards Recently Adopted

In March 2013, the FASB issued ASU 2013-05 " *Foreign Currency Matters (Topic 830) – Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity"* ("ASU 2013-05"). The amendments in ASU 2013-05 indicate that a cumulative translation adjustment ("CTA") is attached to the parent's investment in a foreign entity and should be released in a manner consistent with the derecognition guidance on investments in entities. Thus, the entire amount of the CTA associated with the foreign entity would be released when there has been a sale of a subsidiary or group of net assets within a foreign entity and the sale represents the substantially complete liquidation of the investment in the foreign entity, a loss of a controlling financial interest in an investment in a foreign entity (i.e., the foreign entity is deconsolidated), or a step acquisition for a foreign entity (i.e., when an entity has changed from applying the equity method for an investment in a foreign entity to consolidating the foreign entity). ASU 2013-05 does not change the requirement to release a pro rata portion of the CTA of the foreign entity into earnings for a partial sale of an equity method investment in a foreign entity. The amendments in ASU 2013-05 are effective prospectively for fiscal years (and interim reporting periods within those years) beginning after December 15, 2013. The amendments should be applied prospectively to derecognition events occurring after the effective date. The adoption of ASU 2013-05 on January 1, 2014 did not have a material impact on the financial condition, results of operations and cash flows of the Company.

In July 2013, the FASB issued ASU 2013-11 " *Income Taxes (Topic 740) – Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists"* ("ASU 2013-11"). The amendments in ASU 2013-11 indicate that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward if such settlement is required or expected in the event the uncertain tax position is disallowed. In situations where a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction or the tax law of the jurisdiction does not require, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. The amendments in ASU 2013-11 are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The amendments should be applied prospectively to all unrecognized tax benefits that exist at the effective date. Retrospective application is permitted. The adoption of ASU 2013-11 on January 1, 2014 resulted in a $3.1 million reclassification of a portion of the Company's unrecognized tax benefits from "Long-term income tax liabilities" to "Deferred charges and other assets." See Note 22, Income Taxes, for further information.

Note 2. Acquisition of Alpine Access, Inc.

On August 20, 2012, the Company acquired 100% of the outstanding common shares and voting interest of Alpine, pursuant to the terms of the merger agreement. Alpine, an industry leader in the virtual at-home agent space, provides award-winning customer contact management services through a secured and proprietary virtual call center environment with its operations located in the United States and Canada. The results of Alpine's operations have been included in the Company's consolidated financial statements since its acquisition on August 20, 2012. The Company acquired Alpine to: create significant competitive differentiation for quality, speed to market, scalability and flexibility driven by proprietary, internally-developed software, systems, processes and other intellectual property, which uniquely overcome the challenges of the virtual at-home agent delivery model; strengthen the Company's current service portfolio and go-to-market offering while expanding the breadth of clients with minimal client overlap; broaden the addressable market opportunity within existing and new verticals as well as clients; expand the addressable pool of skilled labor; leverage operational best practices across the Company's global platform, with the potential to convert more of its fixed costs to variable costs; and further enhance the growth and margin profile of the Company to drive shareholder value. This resulted in the Company paying a substantial premium for Alpine resulting in the recognition of goodwill.

The acquisition date fair value of the consideration transferred totaled $149.0 million, which was funded through cash on hand of $41.0 million and borrowings of $108.0 million under the Company's credit agreement, dated May 3, 2012. See Note 20, Borrowings, for further information.

The Company accounted for the acquisition in accordance with ASC 805 " *Business Combinations* ", whereby the purchase price paid was allocated to the tangible and identifiable intangible assets acquired and liabilities assumed from Alpine based on their estimated fair values as of the closing date. During the three months ended December 31, 2012, the final working capital adjustment was approved by the authorized representative of Alpine's shareholders. The Company finalized its purchase price allocation during the three months ended December 31, 2012, resulting in no changes from the estimated acquisition date fair values previously reported.

The following table summarizes the final purchase price allocation of the fair values of the assets acquired and liabilities assumed, all included in the Americas segment (in thousands):

	Amount
Cash and cash equivalents	$ 1,859
Receivables	11,831
Prepaid expenses	617
Total current assets	14,307
Property and equipment	11,326
Goodwill	80,766
Intangibles	57,720
Deferred charges and other assets	916
Accounts payable	(880)
Accrued employee compensation and benefits	(3,774)
Income taxes payable	(141)
Deferred revenue	(94)
Other accrued expenses and current liabilities	(601)
Total current liabilities	(5,490)
Other long-term liabilities [1]	(10,592)
	$148,953

[1] Primarily includes long-term deferred tax liabilities.

Fair values were based on management's estimates and assumptions including variations of the income approach, the cost approach and the market approach.

The following table presents the Company's purchased intangibles assets as of August 20, 2012, the acquisition date (in thousands):

	Amount Assigned	Weighted Average Amortization Period (years)
Customer relationships	$46,000	8
Trade names	10,600	8
Non-compete agreements	670	2
Favorable lease agreement	450	2
	$57,720	8

The $80.8 million of goodwill was assigned to the Company's Americas operating segment. Pursuant to Federal income tax regulations, no amount of intangibles or goodwill from this acquisition will be deductible for tax purposes.

The fair value of receivables purchased was $11.8 million, with the gross contractual amount of $11.8 million.

The amount of Alpine's revenues and net loss since the August 20, 2012 acquisition date, included in the Company's accompanying Consolidated Statement of Operations for the year ended December 31, 2012 was as follows (in thousands):

	From August 20, 2012 Through December 31, 2012
Revenues	$ 40,635
(Loss) from continuing operations before income taxes	$ (3,201)
(Loss) from continuing operations, net of taxes	$ (2,166)

The loss from continuing operations before income taxes of $3.2 million includes $3.6 million in severance costs, depreciation resulting from the adjustment to fair value of the acquired property and equipment, and amortization of the fair values of the acquired intangibles.

The following table presents the unaudited pro forma combined revenues and net earnings as if Alpine had been included in the consolidated results of the Company for the entire year for the year ended December 31, 2012. The pro forma financial information is not indicative of the results of operations that would have been achieved if the acquisition and related borrowings had taken place on January 1, 2012 (in thousands):

	Year Ended December 31, 2012
Revenues	$ 1,190,150
Income from continuing operations, net of taxes	$ 37,352
Income from continuing operations per common share:	
Basic	$ 0.87
Diluted	$ 0.87

These amounts have been calculated to reflect the additional depreciation, amortization and interest expense that would have been incurred assuming the fair value adjustments and borrowings occurred on January 1, 2012, together with the consequential tax effects. In addition, these amounts exclude costs incurred which are directly attributable to the acquisition, and which do not have a continuing impact on the combined companies' operating results. Included in these costs are severance, advisory and legal costs, net of the tax effects.

Merger and integration costs associated with Alpine were as follows (none in 2014) (in thousands):

	Years Ended December 31,	
	2013	2012
Severance costs included in "Direct salaries and related costs": [1]		
Americas	$ 526	$ —
	526	—
Severance costs included in "General and administrative": [1]		
Americas	985	591
Corporate	159	377
	1,144	968
Transaction and integration costs included in "General and administrative": [1]		
Corporate	444	3,793
	444	3,793
Total merger and integration costs	$ 2,114	$ 4,761

[1] In the accompanying Consolidated Statements of Operations.

Note 3. Discontinued Operations

In November 2011, the Finance Committee of the Board of Directors (the "Board") of the Company approved a plan to sell its Spanish operations, which were operated through its Spanish subsidiary, Sykes Enterprises, Incorporated S.L. ("Sykes Spain"). Sykes Spain operated customer contact management centers, providing contact center services through a total of three customer contact management centers in Spain to clients in Spain. The decision to sell the Spanish operations was made in 2011 after management completed a strategic review of the Spanish market and determined the operations were no longer consistent with the Company's strategic direction.

On March 29, 2012, Sykes Spain entered into the asset purchase agreement, by and between Sykes Spain and Iberphone, S.A.U., and pursuant thereto, on March 29, 2012, Sykes Spain sold the fixed assets located in Ponferrada, Spain, which were previously written down to zero, cash of $4.1 million, and certain contracts and licenses relating to the business of Sykes Spain, to Iberphone, S.A.U. Under the asset purchase agreement, Ponferrada, Spain employees were transferred to Iberphone S.A.U. which assumed certain payroll liabilities in the approximate amount of $1.7 million, and paid a nominal purchase price for the assets.

On March 30, 2012, the Company entered into a stock purchase agreement with a former member of Sykes Spain's management, and pursuant thereto, on March 30, 2012, the Company sold all of the shares of capital stock of Sykes Spain to the purchaser for a nominal price. Pursuant to the stock purchase agreement, immediately prior to closing, the Company made a cash capital contribution of $8.6 million to Sykes Spain to cover a portion of Sykes Spain's liabilities and to fund the $4.1 million of cash transferred and sold pursuant to the asset purchase agreement with Iberphone, S.A.U. discussed above. As this was a stock transaction, the Company anticipates no future obligation with regard to Sykes Spain and there were no material post-closing obligations.

The Company reflected the operating results related to the Spanish operations as discontinued operations in the accompanying Consolidated Statement of Operations for the year ended December 31, 2012. Cash flows from discontinued operations are included in the accompanying Consolidated Statement of Cash Flows for the year ended December 31, 2012. This business was historically reported by the Company as part of the EMEA segment.

The results of discontinued operations were as follows (none in 2014 and 2013) (in thousands):

	Year Ended December 31, 2012
Revenues	$ 10,102
(Loss) from discontinued operations before income taxes	$ (820)
Income taxes [1]	—
(Loss) from discontinued operations, net of taxes	$ (820)
(Loss) on sale of discontinued operations before income taxes	$ (10,707)
Income taxes [1]	—
(Loss) on sale of discontinued operations, net of taxes	$ (10,707)

[1] There were no income taxes as any tax benefit from the losses would be offset by a valuation allowance.

Note 4. Costs Associated with Exit or Disposal Activities

During 2011 and 2010, the Company announced several initiatives to streamline excess capacity through targeted seat reductions (the "Exit Plans") in an on-going effort to manage and optimize capacity utilization. These Exit Plans included, but were not limited to, closing customer contact management centers in The Philippines, the United Kingdom, Ireland and South Africa and consolidating leased space in various locations in the U.S. and the Netherlands. These Exit Plans impacted approximately 800 employees. The Company has paid $14.5 million in cash through December 31, 2014 under these Exit Plans.

The cumulative costs expected and incurred as a result of the Exit Plans were as follows as of December 31, 2014 (in thousands):

	Americas Fourth Quarter 2011	EMEA Fourth Quarter 2011	EMEA Fourth Quarter 2010	Americas Third Quarter 2010	
	Exit Plan	Exit Plan	Exit Plan	Exit Plan	Total
Lease obligations and facility exit costs	$ 1,365	$ 19	$ 1,914	$ 6,729	$10,027
Severance and related costs	—	5,857	185	—	6,042
Legal-related costs	—	110	—	—	110
Non-cash impairment charges	480	474	159	3,847	4,960
Total	$ 1,845	$ 6,460	$ 2,258	$ 10,576	$21,139

Table of Contents

Restructuring charges in the Company's Consolidated Statements of Operations are summarized as follows (in thousands):

	Years Ended December 31,		
	2014	2013	2012
By Type:			
Lease obligations and facility exit costs	**$(185)**	$ 318	$ 858
Severance and related costs	**(129)**	(56)	857
Legal-related costs	**—**	—	89
Total	**$(314)**	$ 262	$1,804

	Years Ended December 31,		
	2014	2013	2012
By Statements of Operations Caption:			
Direct salaries and related costs	**$ —**	$ —	$ 715
General and administrative	**(314)**	262	1,089
Total	**$(314)**	$ 262	$1,804

	Years Ended December 31,		
	2014	2013	2012
By Segment:			
Americas	**$ —**	$ —	$1,426
EMEA	**(314)**	262	378
Total	**$(314)**	$ 262	$1,804

The following table summarizes the accrued liability associated with the Exit Plans' exit or disposal activities and related charges for the years ended December 31, 2014, 2013 and 2012 (in thousands):

	Lease Obligation and Facility Exit Costs	Severance and Related Costs	Legal-Related Costs	Total
Balance at January 1, 2012	$ 4,839	$ 4,470	$ 13	$ 9,322
Charges (reversals) [1]	858	857	89	1,804
Cash payments	(1,926)	(5,134)	(91)	(7,151)
Other non-cash changes [4]	1	(6)	(1)	(6)
Balance at December 31, 2012	3,772	187	10	3,969
Charges (reversals) [2]	318	(56)	—	262
Cash payments	(1,264)	(8)	(10)	(1,282)
Other non-cash changes [4]	17	8	—	25
Balance at December 31, 2013	2,843	131	—	2,974
Charges (reversals) [3]	(185)	(129)	—	(314)
Cash payments	(1,095)	—	—	(1,095)
Other non-cash changes [4]	(5)	(2)	—	(7)
Balance at December 31, 2014	**$ 1,558**	**$ —**	**$ —**	**$ 1,558**

(1) During 2012, the Company recorded lease obligations and facility exit costs due to the initiation of one of the Exit Plans, recorded additional severance and related costs and legal-related costs due to a change in estimates and recorded additional lease obligations due to an unanticipated lease termination penalty, all of which were included in "General and administrative" costs in the accompanying Consolidated Statement of Operations. Also, during 2012, the Company reversed accruals related to the final settlement of lease obligations and facility exit costs for one of the Ireland sites, which reduced "General and administrative" costs in the accompanying Consolidated Statement of Operations.

(2) During 2013, the Company recorded additional lease obligations and facility exit costs for one of the Ireland site's lease restoration. Also during 2013, the Company reversed accruals related to the final settlement of severance and related costs for the Netherlands site, which reduced "General and administrative" costs in the accompanying Consolidated Statement of Operations.

(3) During 2014, the Company reversed accruals related to the final settlement of lease obligations and facility exit costs as well as severance and related costs for the Ireland sites, which reduced "General and administrative" costs in the accompanying Consolidated Statement of Operations.

(4) Effect of foreign currency translation.

The charges (reversals) for the lease obligations and facility exit costs of $0.9 million for the year ended December 31, 2012 is net of a reversal of $0.6 million as described in **(1)** to the table above.

Restructuring Liability Classification

The following table summarizes the Company's short-term and long-term accrued liabilities associated with its exit and disposal activities, by plan, as of December 31, 2014 and 2013 (in thousands):

	Americas Fourth Quarter 2011 Exit Plan	EMEA Fourth Quarter 2011 Exit Plan	EMEA Fourth Quarter 2010 Exit Plan	Americas Third Quarter 2010 Exit Plan	Total
December 31, 2014					
Short-term accrued restructuring liability [1]	**$ 109**	**$ —**	**$ —**	**$ 521**	**$ 630**
Long-term accrued restructuring liability [2]	**203**	**—**	**—**	**725**	**928**
Ending accrual at December 31, 2014	**$ 312**	**$ —**	**$ —**	**$ 1,246**	**$1,558**
December 31, 2013					
Short-term accrued restructuring liability [1]	$ 136	$ 131	$ 538	$ 440	$1,245
Long-term accrued restructuring liability [2]	376	—	—	1,353	1,729
Ending accrual at December 31, 2013	$ 512	$ 131	$ 538	$ 1,793	$2,974

[1] Included in "Other accrued expenses and current liabilities" in the accompanying Consolidated Balance Sheets.

[2] Included in "Other long-term liabilities" in the accompanying Consolidated Balance Sheets.

The remaining restructuring liability relates to future rent obligations to be paid through the remainder of the lease terms, the last of which ends in February 2017.

Table of Contents

Note 5. Fair Value

The Company's assets and liabilities measured at fair value on a recurring basis subject to the requirements of ASC 820 consist of the following (in thousands):

		Fair Value Measurements at December 31, 2014 Using:		
	Balance at December 31, 2014	Quoted Prices in Active Markets For Identical Assets Level (1)	Significant Other Observable Inputs Level (2)	Significant Unobservable Inputs Level (3)
Assets:				
Money market funds and open-end mutual funds included in "Cash and cash equivalents" (1)	**$ 100,915**	$ 100,915	$ —	$ —
Money market funds and open-end mutual funds included in "Deferred charges and other assets" (1)	**10**	10	—	—
Foreign currency forward and option contracts included in "Other current assets" (2)	**1,489**	—	1,489	—
Foreign currency forward contracts included in "Deferred charges and other assets" (2)	**4,060**	—	4,060	—
Equity investments held in a rabbi trust for the Deferred Compensation Plan (3)	**5,589**	5,589	—	—
Debt investments held in a rabbi trust for the Deferred Compensation Plan (3)	**1,363**	1,363	—	—
Guaranteed investment certificates (4)	**79**	—	79	—
	$ 113,505	**$ 107,877**	**$ 5,628**	**$ —**
Liabilities:				
Long-term debt (5)	**$ 75,000**	$ —	$ 75,000	$ —
Foreign currency forward and option contracts included in "Other accrued expenses and current liabilities" (2)	**1,261**	—	1,261	—
	$ 76,261	**$ —**	**$ 76,261**	**$ —**

		Fair Value Measurements at December 31, 2013 Using:		
	Balance at December 31, 2013	Quoted Prices in Active Markets For Identical Assets Level (1)	Significant Other Observable Inputs Level (2)	Significant Unobservable Inputs Level (3)
Assets:				
Money market funds and open-end mutual funds included in "Cash and cash equivalents" (1)	$ 50,627	$ 50,627	$ —	$ —
Money market funds and open-end mutual funds included in "Deferred charges and other assets" (1)	11	11	—	—
Foreign currency forward and option contracts included in "Other current assets" (2)	2,240	—	2,240	—
Equity investments held in a rabbi trust for the Deferred Compensation Plan (3)	5,251	5,251	—	—
Debt investments held in a rabbi trust for the Deferred Compensation Plan (3)	1,170	1,170	—	—
Guaranteed investment certificates (4)	80	—	80	—
	$ 59,379	$ 57,059	$ 2,320	$ —

Liabilities:				
Long-term debt [5]	$ 98,000	$ —	$ 98,000	$ —
Foreign currency forward and option contracts included in "Other accrued expenses and current liabilities" [2]	5,063	—	5,063	—
	$ 103,063	$ —	$ 103,063	$ —

(1) In the accompanying Consolidated Balance Sheet.

(2) In the accompanying Consolidated Balance Sheet. See Note 12, Financial Derivatives.

(3) Included in "Other current assets" in the accompanying Consolidated Balance Sheet. See Note 13, Investments Held in Rabbi Trust.

(4) Included in "Deferred charges and other assets" in the accompanying Consolidated Balance Sheet.

(5) The carrying value of long-term debt approximates its estimated fair value as it re-prices at varying interest rates. See Note 20, Borrowings.

Certain assets, under certain conditions, are measured at fair value on a nonrecurring basis utilizing Level 3 inputs as described in Note 1, Overview and Summary of Significant Accounting Policies, like those associated with acquired businesses, including goodwill, other intangible assets and other long-lived assets. For these assets, measurement at fair value in periods subsequent to their initial recognition would be applicable if these assets were determined to be impaired. The adjusted carrying values for assets measured at fair value on a nonrecurring basis (no liabilities) subject to the requirements of ASC 820 were not material at December 31, 2014 and 2013.

The table below summarizes impairment losses resulting from nonrecurring fair value measurements of certain assets (no liabilities), primarily long-lived assets that the Company determined were no longer being used and were disposed of, as follows (in thousands):

	Total Impairment (Loss) Years Ended December 31,		
	2014	2013	2012
Americas:			
Property and equipment, net [1]	**$ (89)**	$ —	$ (355)
EMEA:			
Property and equipment, net [1]	—	—	—
	$ (89)	$ —	$ (355)

[1] See Note 1, Overview and Summary of Significant Accounting Policies, for additional information regarding the fair value measurement as outlined in Property and Equipment.

Note 6. Goodwill and Intangible Assets

The following table presents the Company's purchased intangible assets as of December 31, 2014 (in thousands):

	Gross Intangibles	Accumulated Amortization	Net Intangibles	Weighted Average Amortization Period (years)
Customer relationships	**$ 100,719**	**$ (47,571)**	**$ 53,148**	8
Trade name	**11,600**	**(4,128)**	**7,472**	8
Non-compete agreements	**1,209**	**(1,209)**	**—**	2
Proprietary software	**850**	**(850)**	**—**	2
Favorable lease agreement	**449**	**(449)**	**—**	2
	$ 114,827	**$ (54,207)**	**$ 60,620**	8

The following table presents the Company's purchased intangible assets as of December 31, 2013 (in thousands):

	Gross Intangibles	Accumulated Amortization	Net Intangibles	Weighted Average Amortization Period (years)
Customer relationships	$ 102,774	$ (35,873)	$ 66,901	8
Trade name	11,600	(2,803)	8,797	8
Non-compete agreements	1,220	(1,009)	211	2
Proprietary software	850	(847)	3	2
Favorable lease agreement	449	(306)	143	2
	$ 116,893	$ (40,838)	$ 76,055	8

The Company's estimated future amortization expense for the succeeding years relating to the purchased intangible assets resulting from acquisitions completed prior to December 31, 2014, is as follows (in thousands):

Years Ending December 31,	Amount
2015	$13,884
2016	13,884
2017	13,884
2018	7,565
2019	6,961
2020 and thereafter	4,442

Changes in goodwill for the year ended December 31, 2014 consist of the following (in thousands):

	January 1, 2014	Acquisitions	Impairments	Effect of Foreign Currency	December 31, 2014
Americas	$ 199,802	$ —	$ —	$ (5,971)	**$ 193,831**
EMEA	—	—	—	—	**—**
	$ 199,802	$ —	$ —	$ (5,971)	**$ 193,831**

Changes in goodwill for the year ended December 31, 2013 consist of the following (in thousands):

	January 1, 2013	Acquisitions	Impairments	Effect of Foreign Currency	December 31, 2013
Americas	$ 204,231	$ —	$ —	$ (4,429)	$ 199,802
EMEA	—	—	—	—	—
	$ 204,231	$ —	$ —	$ (4,429)	$ 199,802

Note 7. Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of trade receivables. The Company's credit concentrations are limited due to the wide variety of customers and markets in which the Company's services are sold. See Note 12, Financial Derivatives, for a discussion of the Company's credit risk relating to financial derivative instruments, and Note 27, Segments and Geographic Information, for a discussion of the Company's customer concentration.

Note 8. Receivables, Net

Receivables, net consist of the following (in thousands):

	December 31, 2014	December 31, 2013
Trade accounts receivable	**$290,711**	$266,048
Income taxes receivable	**993**	1,377
Other	**3,354**	2,478
	295,058	269,903
Less: Allowance for doubtful accounts	**4,661**	4,987
	$290,397	$264,916
Allowance for doubtful accounts as a percent of trade receivables	**1.6%**	1.9%

Note 9. Prepaid Expenses

Prepaid expenses consist of the following (in thousands):

	December 31,	
	2014	2013
Prepaid maintenance	**$ 5,315**	$ 5,852
Prepaid rent	**3,147**	3,009
Prepaid insurance	**3,112**	2,631
Prepaid other	**3,322**	4,218
	$14,896	$15,710

Note 10. Other Current Assets

Other current assets consist of the following (in thousands):

	December 31,	
	2014	2013
Deferred tax assets (Note 22)	**$13,703**	$ 7,961
Financial derivatives (Note 12)	**1,489**	2,240
Investments held in rabbi trust (Note 13)	**6,952**	6,421
Value added tax certificates (Note 11)	**6,303**	2,066
Other current assets	**1,209**	1,984
	$29,656	$20,672

Note 11. Value Added Tax Receivables

The VAT receivables balances, and the respective locations in the accompanying Consolidated Balance Sheets, are presented below (in thousands):

	December 31,	
	2014	2013
VAT included in:		
Other current assets (Note 10)	**$6,303**	$2,066
Deferred charges and other assets (Note 15)	**856**	5,406
	$7,159	$7,472

During the years ended December 31, 2014, 2013 and 2012, the Company wrote down the VAT receivables balances by the following amounts, which are reflected in the accompanying Consolidated Statements of Operations (in thousands):

	Years Ended December 31,		
	2014	2013	2012
Write-downs (recoveries) of value added tax receivables	**$ (638)**	$ 143	$ 546

Note 12. Financial Derivatives

Cash Flow Hedges — The Company has derivative assets and liabilities relating to outstanding forward contracts and options, designated as cash flow hedges, as defined under ASC 815 " *Derivatives and Hedging* " ("ASC 815"), consisting of Philippine Peso, Costa Rican Colon, Hungarian Forint and Romanian Leu contracts. These contracts are entered into to protect against the risk that the eventual cash flows resulting from such transactions will be adversely affected by changes in exchange rates.

The deferred gains (losses) and related taxes on the Company's cash flow hedges recorded in "Accumulated other comprehensive income (loss)" in the accompanying Consolidated Balance Sheets are as follows (in thousands):

	December 31,	
	2014	2013
Deferred gains (losses) in AOCI	**$(157)**	$(2,704)
Tax on deferred gains (losses) in AOCI	**46**	169
Deferred gains (losses) in AOCI, net of taxes	**$(111)**	$(2,535)
Deferred gains (losses) expected to be reclassified to "Revenues" from AOCI during the next twelve months	**$(157)**	

Deferred gains (losses) and other future reclassifications from AOCI will fluctuate with movements in the underlying market price of the forward contracts and options.

Net Investment Hedge — During 2014 and 2013, the Company entered into foreign exchange forward contracts to hedge its net investment in a foreign operation, as defined under ASC 815. The Company did not hedge net investments in foreign operations during 2012. The purpose of these derivative instruments is to protect the Company's interests against the risk that the net assets of certain foreign subsidiaries will be adversely affected by changes in exchange rates and economic exposures related to the Company's foreign currency-based investments in these subsidiaries.

Non-Designated Hedges — The Company also periodically enters into foreign currency hedge contracts that are not designated as hedges as defined under ASC 815. The purpose of these derivative instruments is to protect the Company's interests against adverse foreign currency moves pertaining to intercompany receivables and payables, and other assets and liabilities that are denominated in currencies other than the Company's subsidiaries' functional currencies. These contracts generally do not exceed 180 days in duration.

Table of Contents

The Company had the following outstanding foreign currency forward contracts and options (in thousands):

	As of December 31, 2014		As of December 31, 2013	
Contract Type	Notional Amount in USD	Settle Through Date	Notional Amount in USD	Settle Through Date
Cash flow hedges: [1]				
Options:				
Philippine Pesos	**$ 73,000**	**December 2015**	$ 59,000	December 2014
Forwards:				
Philippine Pesos	**9,000**	**March 2015**	63,300	July 2014
Costa Rican Colones	**51,600**	**October 2015**	41,600	October 2014
Hungarian Forints	**—**	**—**	550	January 2014
Romanian Leis	**10,414**	**December 2015**	619	January 2014
Net investment hedges: [2]				
Forwards:				
Euros	**51,648**	**March 2016**	32,657	September 2014
Non-designated hedges: [3]				
Forwards	**64,541**	**March 2015**	59,207	June 2014

(1) Cash flow hedge as defined under ASC 815. Purpose is to protect against the risk that eventual cash flows resulting from such transactions will be adversely affected by changes in exchange rates.

(2) Net investment hedge as defined under ASC 815. Purpose is to protect against the risk that the net assets of certain of our international subsidiaries will be adversely affected by changes in exchange rates and economic exposures related to our foreign currency-based investments in these subsidiaries.

(3) Foreign currency hedge contract not designated as a hedge as defined under ASC 815. Purpose is to reduce the effects on the Company's operating results and cash flows from fluctuations caused by volatility in currency exchange rates, primarily related to intercompany loan payments and cash held in non-functional currencies. See Note 1, Overview and Summary of Significant Accounting Policies, for additional information on the Company's purpose for entering into derivatives not designated as hedging instruments and its overall risk management strategies.

Master netting agreements exist with each respective counterparty to reduce credit risk by permitting net settlement of derivative positions. In the event of default by the Company or one of its counterparties, these agreements include a set-off clause that provides the non-defaulting party the right to net settle all derivative transactions, regardless of the currency and settlement date. The maximum amount of loss due to credit risk that, based on gross fair value, the Company would incur if parties to the derivative transactions that make up the concentration failed to perform according to the terms of the contracts was $5.5 million and $2.2 million as of December 31, 2014 and 2013, respectively. After consideration of these netting arrangements and offsetting positions by counterparty, the total net settlement amount as it relates to these positions are asset positions of $4.4 million and $0.4 million, and liability positions of $0.1 million and $3.3 million as of December 31, 2014 and 2013, respectively.

Although legally enforceable master netting arrangements exist between the Company and each counterparty, the Company has elected to present the derivative assets and derivative liabilities on a gross basis in the accompanying Consolidated Balance Sheets. Additionally, the Company is not required to pledge, nor is it entitled to receive, cash collateral related to these derivative transactions.

Table of Contents

The following tables present the fair value of the Company's derivative instruments included in the accompanying Consolidated Balance Sheets (in thousands):

	Derivative Assets	
	December 31, 2014 Fair Value	December 31, 2013 Fair Value
Derivatives designated as cash flow hedging instruments under ASC 815:		
Foreign currency forward and option contracts [1]	**$ 974**	$ 862
Derivatives designated as net investment hedging instruments under ASC 815:		
Foreign currency forward contracts [2]	**4,060**	—
	5,034	862
Derivatives not designated as hedging instruments under ASC 815:		
Foreign currency forward contracts [1]	**515**	1,378
Total derivative assets	**$ 5,549**	$ 2,240

	Derivative Liabilities	
	December 31, 2014 Fair Value	December 31, 2013 Fair Value
Derivatives designated as cash flow hedging instruments under ASC 815:		
Foreign currency forward and option contracts [3]	**$ 406**	$ 2,997
Derivatives designated as net investment hedging instruments under ASC 815:		
Foreign currency forward contracts [3]	**—**	1,720
	406	4,717
Derivatives not designated as hedging instruments under ASC 815:		
Foreign currency forward contracts [3]	**855**	346
Total derivative liabilities	**$ 1,261**	$ 5,063

(1) Included in "Other current assets" in the accompanying Consolidated Balance Sheets.

(2) Included in "Deferred charges and other assets" in the accompanying Consolidated Balance Sheets.

(3) Included in "Other accrued expenses and current liabilities" in the accompanying Consolidated Balance Sheets.

Table of Contents

The following tables present the effect of the Company's derivative instruments included in the accompanying Consolidated Financial Statements for the years ended December 31, 2014, 2013 and 2012 (in thousands):

	Gain (Loss) Recognized in AOCI on Derivatives (Effective Portion)			Gain (Loss) Reclassified From Accumulated AOCI Into "Revenues" (Effective Portion)			Gain (Loss) Recognized in "Revenues" on Derivatives (Ineffective Portion)		
	December 31,			December 31,			December 31,		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
Derivatives designated as cash flow hedging instruments under ASC 815:									
Foreign currency forward and option contracts	**$(2,787)**	$(2,823)	$4,400	**$(5,339)**	$(666)	$4,156	**$ (3)**	$119	$ 17
Derivatives designated as net investment hedging instruments under ASC 815:									
Foreign currency forward contracts	**6,344**	(1,720)	—	**—**	—	—	**—**	—	—
Foreign currency forward and option contracts	**$ 3,557**	$(4,543)	$4,400	**$(5,339)**	$(666)	$4,156	**$ (3)**	$119	$ 17

	Gain (Loss) Recognized in "Other income and (expense)" on Derivatives		
	December 31,		
	2014	2013	2012
Derivatives not designated as hedging instruments under ASC 815:			
Foreign currency forward contracts	**$ (44)**	$ 4,216	$ (295)

Note 13. Investments Held in Rabbi Trust

The Company's investments held in rabbi trust, classified as trading securities and included in "Other current assets" in the accompanying Consolidated Balance Sheets, at fair value, consist of the following (in thousands):

	December 31, 2014		December 31, 2013	
	Cost	Fair Value	Cost	Fair Value
Mutual funds	**$5,160**	**$ 6,952**	$4,749	$ 6,421

The mutual funds held in the rabbi trust were 80% equity-based and 20% debt-based as of December 31, 2014. Net investment income (losses), included in "Other income (expense)" in the accompanying Consolidated Statements of Operations consists of the following (in thousands):

	Years Ended December 31,		
	2014	2013	2012
Gross realized gains from sale of trading securities	**$ 586**	$160	$163
Gross realized (losses) from sale of trading securities	**—**	(10)	(1)
Dividend and interest income	**58**	279	129
Net unrealized holding gains (losses)	**(276)**	568	312
Net investment income (losses)	**$ 368**	$997	$603

Note 14. Property and Equipment

Property and equipment consist of the following (in thousands):

	December 31,	
	2014	2013
Land	**$ 3,600**	$ 4,144
Buildings and leasehold improvements	**94,786**	92,652
Equipment, furniture and fixtures	**293,857**	287,728
Capitalized internally developed software costs	**7,963**	7,752
Transportation equipment	**531**	624
Construction in progress	**8,071**	1,909
	408,808	394,809
Less: Accumulated depreciation	**298,928**	277,260
	$109,880	$117,549

Capitalized internally developed software, net of depreciation, included in "Property and equipment, net" in the accompanying Consolidated Balance Sheets as of December 31, 2014 and 2013 was as follows (in thousands):

	December 31,	
	2014	2013
Capitalized internally developed software costs, net	**$ 1,270**	$ 2,599

Sale of Fixed Assets, Land and Building Located in Bismarck, North Dakota

In November 2014, the Company sold the fixed assets, land and building located in Bismarck, North Dakota for cash of $3.1 million (net of selling costs of $0.2 million) resulting in a net gain on disposal of property and equipment of $2.6 million, which is included in "Net gain (loss) on disposal of property and equipment" in the accompanying Consolidated Statement of Operations for the year ended December 31, 2014. These assets, with a carrying value of $0.9 million, were included in "Property and equipment" in the accompanying Consolidated Balance Sheet as of December 31, 2013. Related to these assets were deferred property grants of $0.4 million, which were included in "Deferred grants" in the accompanying Consolidated Balance Sheet as of December 31, 2013.

Note 15. Deferred Charges and Other Assets

Deferred charges and other assets consist of the following (in thousands):

	December 31,	
	2014	2013
Non-current deferred tax assets (Note 22)	**$ 1,681**	$ 13,048
Non-current mandatory tax security deposits (Note 22)	**15,906**	17,317
Non-current value added tax certificates (Note 11)	**856**	5,406
Foreign currency forward contracts (Note 12)	**4,060**	—
Rent and other deposits	**3,215**	3,169
Other	**4,365**	4,632
	$30,083	$ 43,572

Table of Contents

Note 16. Accrued Employee Compensation and Benefits

Accrued employee compensation and benefits consist of the following (in thousands):

	December 31,	
	2014	2013
Accrued compensation	**$32,786**	$32,003
Accrued bonus and commissions	**18,590**	14,265
Accrued vacation	**16,613**	17,055
Accrued employment taxes	**9,362**	12,448
Other	**4,721**	5,293
	$82,072	$81,064

Note 17. Deferred Revenue

The components of deferred revenue consist of the following (in thousands):

	December 31,	
	2014	2013
Future service	**$25,222**	$25,102
Estimated potential penalties and holdbacks	**9,023**	9,923
	$34,245	$35,025

Note 18. Other Accrued Expenses and Current Liabilities

Other accrued expenses and current liabilities consist of the following (in thousands):

	December 31,	
	2014	2013
Accrued legal and professional fees	**$ 4,508**	$ 3,220
Accrued equipment and software	**2,196**	1,779
Accrued roadside assistance claim costs	**1,878**	2,341
Accrued utilities	**1,329**	1,425
Foreign currency forward and option contracts (Note 12)	**1,261**	5,063
Accrued telephone charges	**1,068**	1,475
Customer deposits	**793**	2,418
Accrued rent	**640**	2,057
Accrued restructuring (Note 4)	**630**	1,245
Other	**7,913**	9,370
	$22,216	$30,393

Note 19. Deferred Grants

The components of deferred grants consist of the following (in thousands):

	December 31,	
	2014	2013
Property grants	**$5,110**	$6,643
Employment grants	**207**	146
Total deferred grants	**5,317**	6,789
Less: Property grants — short-term [1]	**—**	(6)
Less: Employment grants — short-term [1]	**(207)**	(146)
Total long-term deferred grants [2]	**$5,110**	$6,637

[1] Included in "Other accrued expenses and current liabilities" in the accompanying Consolidated Balance Sheets.

[2] Included in "Deferred grants" in the accompanying Consolidated Balance Sheets.

Note 20. Borrowings

On May 3, 2012, the Company entered into a $245 million revolving credit facility (the "2012 Credit Agreement") with a group of lenders and KeyBank National Association, as Lead Arranger, Sole Book Runner and Administrative Agent ("KeyBank"). The 2012 Credit Agreement replaced the Company's previous $75 million revolving credit facility dated February 2, 2010, as amended, which agreement was terminated simultaneous with entering into the 2012 Credit Agreement. The 2012 Credit Agreement is subject to certain borrowing limitations and includes certain customary financial and restrictive covenants.

The 2012 Credit Agreement includes a $184 million alternate-currency sub-facility, a $10 million swingline sub-facility and a $35 million letter of credit sub-facility, and may be used for general corporate purposes including acquisitions, share repurchases, working capital support and letters of credit, subject to certain limitations. The Company is not currently aware of any inability of its lenders to provide access to the full commitment of funds that exist under the revolving credit facility, if necessary. However, there can be no assurance that such facility will be available to the Company, even though it is a binding commitment of the financial institutions.

Borrowings consist of the following (in thousands):

	December 31,	
	2014	2013
Revolving credit facility	**$75,000**	$98,000
Less: Current portion	**—**	—
Total long-term debt	**$75,000**	$98,000

The 2012 Credit Agreement matures on May 2, 2017 and has no varying installments due.

Borrowings under the 2012 Credit Agreement will bear interest at the rates set forth in the Credit Agreement. In addition, the Company is required to pay certain customary fees, including a commitment fee of 0.175%, which is due quarterly in arrears and calculated on the average unused amount of the 2012 Credit Agreement.

The 2012 Credit Agreement is guaranteed by all of the Company's existing and future direct and indirect material U.S. subsidiaries and secured by a pledge of 100% of the non-voting and 65% of the voting capital stock of all the direct foreign subsidiaries of the Company and those of the guarantors.

In May 2012, the Company paid an underwriting fee of $0.9 million for the 2012 Credit Agreement, which is deferred and amortized over the term of the loan. The 2012 Credit Agreement had an average daily utilization of $85.9 million and $102.5 million during the years ended December 31, 2014 and 2013, respectively, and $96.8 million for the period outstanding during the year ended December 31, 2012. During the years ended December 31, 2014, 2013 and 2012, the related interest expense, excluding amortization of deferred loan fees, under our credit agreements was $1.1 million, $1.5 million and $0.5 million, respectively, which represented weighted average interest rates of 1.3%, 1.5% and 1.5%, respectively.

Table of Contents

Note 21. Accumulated Other Comprehensive Income (Loss)

The Company presents data in the Consolidated Statements of Changes in Shareholders' Equity in accordance with ASC 220 " *Comprehensive Income* " ("ASC 220"). ASC 220 establishes rules for the reporting of comprehensive income (loss) and its components. The components of accumulated other comprehensive income (loss) consist of the following (in thousands):

	Foreign Currency Translation Gain (Loss)	Unrealized Gain (Loss) on Net Investment Hedges	Unrealized Actuarial Gain (Loss) Related to Pension Liability	Unrealized Gain (Loss) on Cash Flow Hedging Instruments	Unrealized Gain (Loss) on Post Retirement Obligation	Total
Balance at January 1, 2012	$ 5,995	$ (2,565)	$ 985	$ (438)	$ 459	$ 4,436
Pre-tax amount	9,516	—	499	4,417	92	14,524
Tax (provision) benefit	—	—	(90)	(306)	—	(396)
Reclassification of (gain) loss to net income	570	—	(48)	(4,174)	(56)	(3,708)
Foreign currency translation	2	—	67	(69)	—	—
Balance at December 31, 2012	16,083	(2,565)	1,413	(570)	495	14,856
Pre-tax amount	(3,465)	(1,720)	(136)	(2,704)	(127)	(8,152)
Tax (provision) benefit	—	602	16	449	—	1,067
Reclassification of (gain) loss to net income	—	—	(41)	321	(54)	226
Foreign currency translation	133	—	(102)	(31)	—	—
Balance at December 31, 2013	12,751	(3,683)	1,150	(2,535)	314	7,997
Pre-tax amount	**(34,947)**	**6,344**	**(50)**	**(2,790)**	**77**	**(31,366)**
Tax (provision) benefit	**—**	**(2,385)**	**57**	**(17)**	**—**	**(2,345)**
Reclassification of (gain) loss to net income	**—**	**—**	**(35)**	**5,237**	**(49)**	**5,153**
Foreign currency translation	**120**	**—**	**(114)**	**(6)**	**—**	**—**
Balance at December 31, 2014	**$ (22,076)**	**$ 276**	**$ 1,008**	**$ (111)**	**$ 342**	**$(20,561)**

The following table summarizes the amounts reclassified to net income from accumulated other comprehensive income (loss) and the associated line item in the accompanying Consolidated Statement of Operations (in thousands):

	Years Ended December 31, 2014	Years Ended December 31, 2013	Statements of Operations Location
Actuarial Gain (Loss) Related to Pension Liability: [1]			
Pre-tax amount	$ 50	$ 60	Direct salaries and related costs
Tax (provision) benefit	(15)	(19)	Income taxes
Reclassification to net income	35	41	
Gain (Loss) on Cash Flow Hedging Instruments: [2]			
Pre-tax amount	(5,342)	(547)	Revenues
Tax (provision) benefit	105	226	Income taxes
Reclassification to net income	(5,237)	(321)	
Gain (Loss) on Post Retirement Obligation: [1]			
Pre-tax amount	49	54	General and administrative
Tax (provision) benefit	—	—	Income taxes
Reclassification to net income	49	54	
Total reclassification of gain (loss) to net income	**$ (5,153)**	$ (226)	

(1) See Note 25, Defined Benefit Pension Plan and Postretirement Benefits, for further information.

(2) See Note 12, Financial Derivatives, for further information.

Except as discussed in Note 22, Income Taxes, earnings associated with the Company's investments in its foreign subsidiaries are considered to be indefinitely reinvested and no provision for income taxes on those earnings or translation adjustments have been provided.

Note 22. Income Taxes

The income from continuing operations before income taxes includes the following components (in thousands):

	Years Ended December 31,		
	2014	2013	2012
Domestic (U.S., state and local)	**$28,563**	$ 5,544	$(10,430)
Foreign	**48,596**	45,781	55,587
Total income from continuing operations before income taxes	**$77,159**	$51,325	$ 45,157

Significant components of the income tax provision are as follows (in thousands):

	Years Ended December 31,		
	2014	2013	2012
Current:			
U.S. federal	**$ 2,579**	$ 881	$ 236
State and local	**542**	82	(61)
Foreign	**11,382**	13,464	9,899
Total current provision for income taxes	**14,503**	14,427	10,074
Deferred:			
U.S. federal	**5,437**	866	(2,846)
State and local	**(446)**	—	—
Foreign	**(126)**	(1,228)	(2,021)
Total deferred provision (benefit) for income taxes	**4,865**	(362)	(4,867)
Total provision for income taxes	**$19,368**	$14,065	$ 5,207

The temporary differences that give rise to significant portions of the deferred income tax provision (benefit) are as follows (in thousands):

	Years Ended December 31,		
	2014	2013	2012
Net operating loss and tax credit carryforwards	**$19,335**	$ 8,029	$(4,113)
Depreciation and amortization	**(6,220)**	(5,030)	(5,684)
Accrued expenses/liabilities	**(4,505)**	954	(1,274)
Valuation allowance	**(3,706)**	(1,887)	4,120
Deferred statutory income	**(29)**	(2,425)	2,084
Other	**(10)**	(3)	—
Total deferred provision (benefit) for income taxes	**$ 4,865**	$ (362)	$(4,867)

The reconciliation of the income tax provision computed at the U.S. federal statutory tax rate to the Company's effective income tax provision is as follows (in thousands):

	Years Ended December 31,		
	2014	2013	2012
Tax at U.S. federal statutory tax rate	**$ 27,005**	$17,964	$15,805
State income taxes, net of federal tax benefit	**934**	82	(61)
Foreign rate differential	**(13,164)**	(9,319)	(7,078)
Tax holidays	**(2,749)**	(4,686)	(6,450)
Permanent differences	**10,170**	9,051	3,531
Tax credits	**(4,894)**	(5,020)	(699)
Foreign withholding and other taxes	**2,541**	4,643	1,263
Change in valuation allowance, net of related adjustments	**(7)**	1,354	(538)
Changes in uncertain tax positions	**(468)**	(4)	(613)
Change of assertion related to foreign earnings distribution	**—**	—	47
Total provision for income taxes	**$ 19,368**	$14,065	$ 5,207

Withholding taxes on offshore cash movements assessed by certain foreign governments of $1.8 million, $4.1 million and $0.8 million were included in the provision for income taxes in the accompanying Consolidated Statements of Operations for the years ended December 31, 2014, 2013 and 2012, respectively.

Earnings associated with the investments in the Company's foreign subsidiaries of $380.8 million at December 31, 2014 are considered to be indefinitely reinvested outside of the U.S. Therefore, a U.S. provision for income taxes on those earnings or translation adjustments has not been recorded, as permitted by criterion outlined in ASC 740 "Income Taxes." Determination of any unrecognized deferred tax liability for temporary differences related to investments in foreign subsidiaries that are essentially permanent in duration is not practicable due to the inherent complexity of the multi-national tax environment in which the Company operates.

The Company has been granted tax holidays in The Philippines, Colombia, Costa Rica and El Salvador. The tax holidays have various expiration dates ranging from 2015 through 2028. In some cases, the tax holidays expire without possibility of renewal. In other cases, the Company expects to renew these tax holidays, but there are no assurances from the respective foreign governments that they will renew them. This could potentially result in future adverse tax consequences in the local jurisdiction, the impact of which is not practicable to estimate due to the inherent complexity of estimating critical variables such as long-term future profitability, tax regulations and rates in the multi-national tax environment in which the Company operates. The Company's tax holidays decreased the provision for income taxes by $2.7 million ($0.06 per diluted share), $4.7 million ($0.11 per diluted share) and $6.5 million ($0.15 per diluted share) for the years ended December 31, 2014, 2013 and 2012, respectively.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income taxes. The temporary differences that give rise to significant portions of the deferred tax assets and liabilities are presented below (in thousands):

	December 31,	
	2014	2013
Deferred tax assets:		
Net operating loss and tax credit carryforwards	**$ 35,400**	$ 61,626
Valuation allowance	**(34,146)**	(42,664)
Accrued expenses	**25,694**	21,305
Deferred revenue	**3,757**	4,045
Depreciation and amortization	**835**	559
Other	**—**	104
	31,540	44,975
Deferred tax liabilities:		
Depreciation and amortization	**(20,172)**	(26,379)
Deferred statutory income	**(772)**	(241)
Accrued liabilities	**(141)**	(79)
Other	**(1)**	(114)
	(21,086)	(26,813)
Net deferred tax assets	**$ 10,454**	$ 18,162

	December 31,	
	2014	2013
Classified as follows:		
Other current assets (Note 10)	**$ 13,703**	$ 7,961
Other long-term liabilities	**(4,786)**	(2,763)
Deferred charges and other assets (Note 15)	**1,681**	13,048
Current deferred income tax liabilities	**(144)**	(84)
Net deferred tax assets	**$ 10,454**	$ 18,162

There are approximately $185.0 million of income tax loss carryforwards as of December 31, 2014, with varying expiration dates, approximately $131.4 million relating to foreign operations and $53.6 million relating to U.S. state operations. For U.S. federal purposes, $2.7 million of tax credits are available for carryforward as of December 31, 2014, with the latest expiration date ending December 2035. With respect to foreign operations, $109.0 million of the net operating loss carryforwards have an indefinite expiration date and the remaining $22.4 million net operating loss carryforwards have varying expiration dates through December 2035. Regarding the U.S. state and foreign aforementioned tax loss carryforwards, no benefit has been recognized for $50.3 million and $123.5 million, respectively, as it is more likely than not that these losses will expire without realization of tax benefits.

The Company has accrued $13.3 million and $15.0 million as of December 31, 2014 and 2013, respectively, excluding penalties and interest, for the liability for unrecognized tax benefits. As of December 31, 2014, $2.7 million of unrecognized tax benefits have been recorded to “Deferred charges and other assets” in the accompanying Consolidated Balance Sheet in accordance with ASU 2013-11. The remaining $10.6 million of the unrecognized tax benefits at December 31, 2014 and the $15.0 million at December 31, 2013 are recorded in “Long-term income tax liabilities” in the accompanying Consolidated Balance Sheets. Had the Company recognized these tax benefits, approximately $13.3 million and $15.0 million, and the related interest and penalties, would have favorably impacted the effective tax rate in 2014 and 2013, respectively. The Company anticipates that approximately $2.2 million of the unrecognized tax benefits will be recognized in the next twelve months due to a lapse in the applicable statute of limitations.

The Company recognizes interest and penalties related to unrecognized tax benefits in the provision for income taxes. The Company had $10.1 million and $10.5 million accrued for interest and penalties as of December 31, 2014 and 2013, respectively. Of the accrued interest and penalties at December 31, 2014 and 2013, $3.3 million and $3.8 million, respectively, relate to statutory penalties. The amount of interest and penalties, net, included in the provision for income taxes in the accompanying Consolidated Statements of Operations for the years ended December 31, 2014, 2013 and 2012 was $(0.5) million, $0.4 million and $(0.1) million, respectively.

The tabular reconciliation of the amounts of unrecognized net tax benefits is presented below (in thousands):

	Years Ended December 31,		
	2014	2013	2012
Gross unrecognized tax benefits as of January 1,	**$14,991**	$16,897	$17,136
Prior period tax position increases (decreases) [1]	—	—	321
Decreases from settlements with tax authorities	—	—	(426)
Decreases due to lapse in applicable statute of limitations	—	(390)	(561)
Foreign currency translation increases (decreases)	**(1,706)**	(1,516)	427
Gross unrecognized tax benefits as of December 31,	**$13,285**	$14,991	$16,897

[1] Includes amounts assumed upon acquisition of Alpine on August 20, 2012.

The Company is currently under audit in several tax jurisdictions. The Company received assessments for the Canadian 2003-2009 audit. Requests for Competent Authority Assistance were filed with both the Canadian Revenue Agency and the U.S. Internal Revenue Service and the Company paid mandatory security deposits to Canada as part of this process. The total amount of deposits, net of fluctuations in the foreign exchange rate, are $15.9 million and $17.3 million as of December 31, 2014 and 2013, respectively, and are included in “Deferred charges and other assets” in the accompanying Consolidated Balance Sheets. Although the outcome of examinations by taxing authorities is always uncertain, the Company believes it is adequately reserved for these audits and that resolution is not expected to have a material impact on its financial condition and results of operations.

The significant tax jurisdictions currently under audit are as follows:

Tax Jurisdiction	Tax Year Ended
Canada	2003 to 2009
The Philippines	2009 and 2010

The Company and its subsidiaries file federal, state and local income tax returns as required in the U.S. and in various foreign tax jurisdictions. The following table presents the major tax jurisdictions and tax years that are open and subject to examination by the respective tax authorities as of December 31, 2014:

Tax Jurisdiction	Tax Year Ended
Canada	2003 to present
The Philippines	2009 to present
United States	2002 to 2010 [1] and 2011 to present

[1] These tax years are open to the extent of the net operating loss and tax credit carryforward amounts.

Note 23. Earnings Per Share

Basic earnings per share are based on the weighted average number of common shares outstanding during the periods. Diluted earnings per share includes the weighted average number of common shares outstanding during the respective periods and the further dilutive effect, if any, from stock appreciation rights, restricted stock, restricted stock units and shares held in a rabbi trust using the treasury stock method.

The numbers of shares used in the earnings per share computation are as follows (in thousands):

	Years Ended December 31,		
	2014	2013	2012
Basic:			
Weighted average common shares outstanding	**42,609**	42,877	43,105
Diluted:			
Dilutive effect of stock appreciation rights, restricted stock, restricted stock units and shares held in a rabbi trust	**205**	48	43
Total weighted average diluted shares outstanding	**42,814**	42,925	43,148
Anti-dilutive shares excluded from the diluted earnings per share calculation	**37**	42	—

On August 18, 2011, the Company's Board authorized the Company to purchase up to 5.0 million shares of its outstanding common stock (the "2011 Share Repurchase Program"). A total of 4.0 million shares have been repurchased under the 2011 Share Repurchase Program since inception. The shares are purchased, from time to time, through open market purchases or in negotiated private transactions, and the purchases are based on factors, including but not limited to, the stock price, management discretion and general market conditions. The 2011 Share Repurchase Program has no expiration date.

The shares repurchased under the Company's share repurchase programs were as follows (in thousands, except per share amounts):

For the Years Ended	Total Number of Shares Repurchased	Range of Prices Paid Per Share		Total Cost of Shares Repurchased
		Low	High	
December 31, 2014	**630**	**$ 19.80**	**$ 20.00**	**$ 12,581**
December 31, 2013	341	$ 15.61	$ 16.99	$ 5,479
December 31, 2012	537	$ 13.85	$ 15.00	$ 7,908

Note 24. Commitments and Loss Contingency

Lease and Purchase Commitments

The Company leases certain equipment and buildings under operating leases having original terms ranging from one to twenty years, many with options to cancel at varying points during the lease. The building leases can contain up to three five-year renewal options. Rental expense under operating leases was as follows (in thousands):

	Years Ended December 31,		
	2014	2013	2012
Rental expense	**$44,916**	$47,365	$43,626

The following is a schedule of future minimum rental payments required under operating leases that have noncancelable lease terms as of December 31, 2014 (in thousands):

	Amount
2015	**$ 33,287**
2016	**24,907**
2017	**21,586**
2018	**20,325**
2019	**15,617**
2020 and thereafter	**35,801**
Total minimum payments required	**$151,523**

The Company enters into agreements with third-party vendors in the ordinary course of business whereby the Company commits to purchase goods and services used in its normal operations. These agreements, which are not cancelable, generally range from one to five year periods and contain fixed or minimum annual commitments. Certain of these agreements allow for renegotiation of the minimum annual commitments based on certain conditions.

The following is a schedule of future minimum purchases remaining under the agreements as of December 31, 2014 (in thousands):

	Amount
2015	**$33,039**
2016	**21,025**
2017	**10,448**
2018	**1,485**
2019	**1,483**
2020 and thereafter	**1,600**
Total minimum payments required	**$69,080**

Indemnities, Commitments and Guarantees

From time to time, during the normal course of business, the Company may make certain indemnities, commitments and guarantees under which it may be required to make payments in relation to certain transactions. These include, but are not limited to: (i) indemnities to clients, vendors and service providers pertaining to claims based on negligence or willful misconduct of the Company and (ii) indemnities involving breach of contract, the accuracy of representations and warranties of the Company, or other liabilities assumed by the Company in certain contracts. In addition, the Company has agreements whereby it will indemnify certain officers and directors for certain events or occurrences while the officer or director is, or was, serving at the Company's request in such capacity. The indemnification period covers all pertinent events and occurrences during the officer's or director's lifetime. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company has director and officer insurance coverage that limits its exposure and enables it to recover a portion of any future amounts paid. The Company believes the applicable insurance

coverage is generally adequate to cover any estimated potential liability under these indemnification agreements. The majority of these indemnities, commitments and guarantees do not provide for any limitation of the maximum potential for future payments the Company could be obligated to make. The Company has not recorded any liability for these indemnities, commitments and guarantees in the accompanying Consolidated Balance Sheets. In addition, the Company has some client contracts that do not contain contractual provisions for the limitation of liability, and other client contracts that contain agreed upon exceptions to limitation of liability. The Company has not recorded any liability in the accompanying Consolidated Balance Sheets with respect to any client contracts under which the Company has or may have unlimited liability.

Loss Contingency

The Company from time to time is involved in legal actions arising in the ordinary course of business. With respect to these matters, management believes that it has adequate legal defenses and/or when possible and appropriate, provided adequate accruals related to those matters such that the ultimate outcome will not have a material adverse effect on the Company's financial position or results of operations.

Note 25. Defined Benefit Pension Plan and Postretirement Benefits

Defined Benefit Pension Plans

The Company sponsors non-contributory defined benefit pension plans (the "Pension Plans") for its covered employees in The Philippines. The Pension Plans provide defined benefits based on years of service and final salary. All permanent employees meeting the minimum service requirement are eligible to participate in the Pension Plans. As of December 31, 2014, the Pension Plans were unfunded. The Company expects to make no cash contributions to its Pension Plans during 2015.

The following table provides a reconciliation of the change in the benefit obligation for the Pension Plans and the net amount recognized, included in "Other long-term liabilities", in the accompanying Consolidated Balance Sheets (in thousands):

	December 31,	
	2014	2013
Beginning benefit obligation	**$ 2,481**	$ 1,997
Service cost	**387**	392
Interest cost	**104**	137
Actuarial (gains) losses	**50**	136
Effect of foreign currency translation	**78**	(181)
Ending benefit obligation	**$ 3,100**	$ 2,481
Unfunded status	**$(3,100)**	$(2,481)
Net amount recognized	**$(3,100)**	$(2,481)

The actuarial assumptions used to determine the benefit obligations and net periodic benefit cost for the Pension Plans were as follows:

	Years Ended December 31,		
	2014	2013	2012
Discount rate	**4.5% - 4.9%**	4.3% - 5.2%	5.9%
Rate of compensation increase	**2.0%**	2.0%	2.0%

The Company evaluates these assumptions on a periodic basis taking into consideration current market conditions and historical market data. The discount rate is used to calculate expected future cash flows at a present value on the measurement date, which is December 31. This rate represents the market rate for high-quality fixed income investments. A lower discount rate would increase the present value of benefit obligations. Other assumptions include demographic factors such as retirement, mortality and turnover.

The following table provides information about the net periodic benefit cost and other accumulated comprehensive income for the Pension Plans (in thousands):

	Years Ended December 31,		
	2014	2013	2012
Service cost	**$ 387**	$ 392	$ 372
Interest cost	**104**	137	120
Recognized actuarial (gains)	**(50)**	(60)	(46)
Net periodic benefit cost	**441**	469	446
Unrealized net actuarial (gains), net of tax	**(1,008)**	(1,150)	(1,413)
Total amount recognized in net periodic benefit cost and other accumulated comprehensive income (loss)	**$ (567)**	$ (681)	$ (967)

The estimated future benefit payments, which reflect expected future service, as appropriate, are as follows (in thousands):

Years Ending December 31,	Amount
2015	**$ 28**
2016	**133**
2017	**77**
2018	**58**
2019	**303**
2020 - 2024	**963**

The Company expects to recognize less than $0.1 million of net actuarial gains as a component of net periodic benefit cost in 2015.

Employee Retirement Savings Plans

The Company maintains a 401(k) plan covering defined employees who meet established eligibility requirements. Under the plan provisions, the Company matches 50% of participant contributions to a maximum matching amount of 2% of participant compensation. The Company's contributions included in the accompanying Consolidated Statements of Operations were as follows (in thousands):

	Years Ended December 31,		
	2014	2013	2012
401(k) plan contributions	**$ 870**	$ 895	$ 1,221

Split-Dollar Life Insurance Arrangement

In 1996, the Company entered into a split-dollar life insurance arrangement to benefit the former Chairman and Chief Executive Officer of the Company. Under the terms of the arrangement, the Company retained a collateral interest in the policy to the extent of the premiums paid by the Company. The postretirement benefit obligation included in "Other long-term liabilities" and the unrealized gains (losses) included in "Accumulated other comprehensive income" in the accompanying Consolidated Balance Sheets were as follows (in thousands):

	December 31,	
	2014	2013
Postretirement benefit obligation	**$ 46**	$ 81
Unrealized gains (losses) in AOCI [1]	**342**	314

[1] Unrealized gains (losses) are due to changes in discount rates related to the postretirement obligation.

Post-Retirement Defined Contribution Healthcare Plan

On January 1, 2005, the Company established a Post-Retirement Defined Contribution Healthcare Plan for eligible employees meeting certain service and age requirements. The plan is fully funded by the participants and accordingly, the Company does not recognize expense relating to the plan.

Note 26. Stock-Based Compensation

The Company's stock-based compensation plans include the 2011 Equity Incentive Plan, the 2004 Non-Employee Director Fee Plan and the Deferred Compensation Plan. The following table summarizes the stock-based compensation expense (primarily in the Americas), income tax benefits related to the stock-based compensation and excess tax benefits (deficiencies) (in thousands):

	Years Ended December 31,		
	2014	2013	2012
Stock-based compensation (expense) [1]	**$(6,381)**	$(4,873)	$(3,467)
Income tax benefit [2]	**2,233**	1,706	1,213
Excess tax benefit (deficiency) from stock-based compensation [3]	**(82)**	(187)	(292)

[1] Included in "General and administrative" costs in the accompanying Consolidated Statements of Operations.

[2] Included in "Income taxes" in the accompanying Consolidated Statements of Operations.

[3] Included in "Additional paid-in capital" in the accompanying Consolidated Statements of Changes in Shareholders' Equity.

There were no capitalized stock-based compensation costs at December 31, 2014, 2013 and 2012.

2011 Equity Incentive Plan — The Company's Board adopted the Sykes Enterprises, Incorporated 2011 Equity Incentive Plan (the "2011 Plan") on March 23, 2011, as amended on May 11, 2011 to reduce the number of shares of common stock available to 4.0 million shares. The 2011 Plan was approved by the shareholders at the May 2011 annual shareholders meeting. The 2011 Plan replaced and superseded the Company's 2001 Equity Incentive Plan (the "2001 Plan"), which expired on March 14, 2011. The outstanding awards granted under the 2001 Plan will remain in effect until their exercise, expiration or termination. The 2011 Plan permits the grant of restricted stock, stock appreciation rights, stock options and other stock-based awards to certain employees of the Company, and certain non-employees who provide services to the Company in order to encourage them to remain in the employment of, or to faithfully provide services to, the Company and to increase their interest in the Company's success.

Stock Appreciation Rights — The Board, at the recommendation of the Compensation and Human Resource Development Committee (the "Committee"), has approved in the past, and may approve in the future, awards of stock-settled stock appreciation rights ("SARs") for eligible participants. SARs represent the right to receive, without payment to the Company, a certain number of shares of common stock, as determined by the Committee, equal to the amount by which the fair market value of a share of common stock at the time of exercise exceeds the grant price.

SARs are granted at the fair market value of the Company's common stock on the date of the grant and vest one-third on each of the first three anniversaries of the date of grant, provided the participant is employed by the Company on such date. The SARs have a term of 10 years from the date of grant. In the event of a change in control, the SARs will vest on the date of the change in control, provided that the participant is employed by the Company on the date of the change in control.

All currently outstanding SARs are exercisable within three months after the death, disability, retirement or termination of the participant's employment with the Company, if and to the extent the SARs were exercisable immediately prior to such termination. If the participant's employment is terminated for cause, or the participant terminates his or her own employment with the Company, any portion of the SARs not yet exercised (whether or not vested) terminates immediately on the date of termination of employment.

The fair value of each SAR is estimated on the date of grant using the Black-Scholes valuation model that uses various assumptions. The fair value of the SARs is expensed on a straight-line basis over the requisite service period. Expected volatility is based on the historical volatility of the Company's stock. The risk-free rate for periods within the contractual life of the award is based on the yield curve of a zero-coupon U.S. Treasury bond on the date the award is granted with a maturity equal to the expected term of the award. Exercises and forfeitures are estimated within the valuation model using employee termination and other historical data. The expected term of the SARs granted represents the period of time the SARs are expected to be outstanding.

The following table summarizes the assumptions used to estimate the fair value of SARs granted:

	Years Ended December 31,		
	2014	2013	2012
Expected volatility	**38.9%**	45.2%	47.1%
Weighted-average volatility	**38.9%**	45.2%	47.1%
Expected dividend rate	**0.0%**	0.0%	0.0%
Expected term (in years)	**5.0**	5.0	4.7
Risk-free rate	**1.7%**	0.8%	0.8%

The following table summarizes SARs activity as of December 31, 2014 and for the year then ended:

Stock Appreciation Rights	Shares (000s)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (000s)
Outstanding at January 1, 2014	963	$ —		
Granted	246	$ —		
Exercised	(77)	$ —		
Forfeited or expired	(173)	$ —		
Outstanding at December 31, 2014	**959**	**$ —**	**7.0**	**$ 5,171**
Vested or expected to vest at December 31, 2014	**959**	**$ —**	**7.0**	**$ 5,171**
Exercisable at December 31, 2014	**548**	**$ —**	**5.8**	**$ 2,700**

The following table summarizes information regarding SARs granted and exercised (in thousands, except per SAR amounts):

	Years Ended December 31,		
	2014	2013	2012
Number of SARs granted	**246**	318	259
Weighted average grant-date fair value per SAR	**$ 7.20**	$ 6.08	$ 5.97
Intrinsic value of SARs exercised	**$ 391**	$ 488	$ —
Fair value of SARs vested	**$1,553**	$1,298	$1,388

The following table summarizes nonvested SARs activity as of December 31, 2014 and for the year then ended:

Nonvested Stock Appreciation Rights	Shares (000s)	Weighted Average Grant-Date Fair Value
Nonvested at January 1, 2014	535	$ 6.17
Granted	246	$ 7.20
Vested	(246)	$ 6.31
Forfeited or expired	(124)	$ 6.48
Nonvested at December 31, 2014	**411**	**$ 6.61**

As of December 31, 2014, there was $1.7 million of total unrecognized compensation cost, net of estimated forfeitures, related to nonvested SARs granted under the 2011 Plan and 2001 Plan. This cost is expected to be recognized over a weighted average period of 1.3 years.

Restricted Shares — The Board, at the recommendation of the Committee, has approved in the past, and may approve in the future, awards of performance and employment-based restricted shares ("restricted shares") for eligible participants. In some instances, where the issuance of restricted shares has adverse tax consequences to the recipient, the Board may instead issue restricted stock units ("RSUs"). The restricted shares are shares of the Company's common stock (or in the case of RSUs, represent an equivalent number of shares of the Company's common stock) which are issued to the participant subject to (a) restrictions on transfer for a period of time and (b) forfeiture under certain conditions. The performance goals, including revenue growth and income from operations targets, provide a range of vesting possibilities from 0% to 100% and will be measured at the end of the performance period. If the performance conditions are met for the performance period, the shares will vest and all restrictions on the transfer of the restricted shares will lapse (or in the case of RSUs, an equivalent number of shares of the Company's common stock will be issued to the recipient). The Company recognizes compensation cost, net of estimated forfeitures, based on the fair value (which approximates the current market price) of the restricted shares (and RSUs) on the date of grant ratably over the requisite service period based on the probability of achieving the performance goals.

Changes in the probability of achieving the performance goals from period to period will result in corresponding changes in compensation expense. The employment-based restricted shares currently outstanding vest one-third on each of the first three anniversaries of the date of grant, provided the participant is employed by the Company on such date. In the event of a change in control (as defined in the 2011 Plan and 2001 Plan) prior to the date the restricted shares vest, all of the restricted shares will vest and the restrictions on transfer will lapse with respect to such vested shares on the date of the change in control, provided that participant is employed by the Company on the date of the change in control.

If the participant's employment with the Company is terminated for any reason, either by the Company or participant, prior to the date on which the restricted shares have vested and the restrictions have lapsed with respect to such vested shares, any restricted shares remaining subject to the restrictions (together with any dividends paid thereon) will be forfeited, unless there has been a change in control prior to such date.

The following table summarizes nonvested restricted shares/RSUs activity as of December 31, 2014 and for the year then ended:

Nonvested Restricted Shares and RSUs	Shares (000s)	Weighted Average Grant-Date Fair Value
Nonvested at January 1, 2014	1,367	$ 15.96
Granted	500	$ 19.77
Vested	(57)	$ 15.67
Forfeited or expired	(616)	$ 17.45
Nonvested at December 31, 2014	**1,194**	**$ 16.80**

The following table summarizes information regarding restricted shares/RSUs granted and vested (in thousands, except per restricted share/RSU amounts):

	Years Ended December 31,		
	2014	2013	2012
Number of restricted shares/RSUs granted	**500**	706	420
Weighted average grant-date fair value per restricted share/RSU	**$19.77**	$15.25	$15.21
Fair value of restricted shares/RSUs vested	**$ 895**	$ 366	$3,845

As of December 31, 2014, based on the probability of achieving the performance goals, there was $14.1 million of total unrecognized compensation cost, net of estimated forfeitures, related to nonvested restricted shares/RSUs granted under the 2011 Plan and 2001 Plan. This cost is expected to be recognized over a weighted average period of 1.4 years.

2004 Non-Employee Director Fee Plan — The Company's 2004 Non-Employee Director Fee Plan (the "2004 Fee Plan"), as last amended on May 17, 2012, provided that all new non-employee directors joining the Board would receive an initial grant of shares of common stock on the date the new director is elected or appointed, the number of which will be determined by dividing $60,000 by the closing price of the Company's common stock on the trading day immediately preceding the date a new director is elected or appointed, rounded to the nearest whole number of shares. The initial grant of shares vested in twelve equal quarterly installments, one-twelfth on the date of grant and an additional one-twelfth on each successive third monthly anniversary of the date of grant. The award lapses with respect to all unvested shares in the event the non-employee director ceases to be a director of the Company, and any unvested shares are forfeited.

The 2004 Fee Plan also provided that each non-employee director would receive, on the day after the annual shareholders meeting, an annual retainer for service as a non-employee director (the "Annual Retainer"). Prior to May 17, 2012, the Annual Retainer was $95,000, of which $50,000 was payable in cash, and the remainder was paid in stock. The annual grant of cash vested in four equal quarterly installments, one-fourth on the day following the annual meeting of shareholders, and an additional one-fourth on each successive third monthly anniversary of the date of grant. The annual grant of shares paid to non-employee directors prior to May 17, 2012 vests in eight equal quarterly installments, one-eighth on the day following the annual meeting of shareholders, and an additional one-eighth on each successive third monthly anniversary of the date of grant. On May 17, 2012, upon the recommendation of the Compensation and Human Resource Development Committee, the Board adopted the Fifth Amended and Restated Non-Employee Director Fee Plan (the "Amendment"), which increased the common stock component of the Annual Retainer by $30,000, resulting in a total Annual Retainer of $125,000, of which $50,000 was payable in cash and the remainder paid in stock. In addition, the Amendment also changed the vesting period for the annual equity award, from a two-year vesting period, to a one-year vesting period (consisting of four equal quarterly installments, one-fourth on the date of grant and an additional one-fourth on each successive third monthly anniversary of the date of grant). The award lapses with respect to all unpaid cash and unvested shares in the event the non-employee director ceases to be a director of the Company, and any unvested shares and unpaid cash are forfeited.

In addition to the Annual Retainer award, the 2004 Fee Plan also provided for any non-employee Chairman of the Board to receive an additional annual cash award of $100,000, and each non-employee director serving on a committee of the Board to receive an additional annual cash award. The additional annual cash award for the Chairperson of the Audit Committee is $20,000 and Audit Committee members' are entitled to an annual cash award of $10,000. Prior to May 20, 2011, the annual cash awards for the Chairpersons of the Compensation and Human Resource Development Committee, Finance Committee and Nominating and Corporate Governance Committee were $12,500 and the members of such committees were entitled to an annual cash award of $7,500. On May 20, 2011, the Board increased the additional annual cash award to the Chairperson of the Compensation and Human Resource Development Committee to $15,000. All other additional cash awards remained unchanged.

The 2004 Fee Plan expired in May 2014, prior to the 2014 Annual Shareholder Meeting. In March 2014, upon the recommendation of the Compensation Committee, the Board determined that, following the expiration of the 2004 Fee Plan, the compensation of non-employee Directors should continue on the same terms as provided in the Fifth Amended and Restated Non-Employee Director Fee Plan, and that the stock portion of such compensation would be issued under the 2011 Plan.

The Board may pay additional cash compensation to any non-employee director for services on behalf of the Board over and above those typically expected of directors, including but not limited to service on a special committee of the Board.

The following table summarizes nonvested common stock share award activity as of December 31, 2014 and for the year then ended:

Nonvested Common Stock Share Awards	Shares (000s)	Weighted Average Grant-Date Fair Value
Nonvested at January 1, 2014	9	$ 16.01
Granted	36	$ 20.15
Vested	(33)	$ 18.95
Forfeited or expired	—	$ —
Nonvested at December 31, 2014	**12**	**$ 20.24**

The following table summarizes information regarding common stock share awards granted and vested (in thousands, except per share award amounts):

	Years Ended December 31,		
	2014	2013	2012
Number of share awards granted	**36**	37	42
Weighted average grant-date fair value per share award	**$20.15**	$16.01	$16.15
Fair value of share awards vested	**$ 630**	$ 669	$ 771

As of December 31, 2014, there was $0.2 million of total unrecognized compensation costs, net of estimated forfeitures, related to nonvested common stock share awards granted under the 2004 Fee Plan. This cost is expected to be recognized over a weighted average period of 0.7 years.

Deferred Compensation Plan — The Company's non-qualified Deferred Compensation Plan (the "Deferred Compensation Plan"), which is not shareholder-approved, was adopted by the Board effective December 17, 1998. It was last amended and restated on August 20, 2014, effective as of January 1, 2014. It provides certain eligible employees the ability to defer any portion of their compensation until the participant's retirement, termination, disability or death, or a change in control of the Company. Using the Company's common stock, the Company matches 50% of the amounts deferred by certain senior management participants on a quarterly basis up to a total of $12,000 per year for the president, chief executive officer and executive vice presidents and $7,500 per year for senior vice presidents, global vice presidents and vice presidents (participants below the level of vice president are not eligible to receive matching contributions from the Company). Matching contributions and the associated earnings vest over a seven year service period. Deferred compensation amounts used to pay benefits, which are held in a rabbi trust, include investments in various mutual funds and shares of the Company's common stock (See Note 13, Investments Held in Rabbi Trust). As of December 31, 2014 and 2013, liabilities of $7.0 million and $6.4 million, respectively, of the Deferred Compensation Plan were recorded in "Accrued employee compensation and benefits" in the accompanying Consolidated Balance Sheets.

Additionally, the Company's common stock match associated with the Deferred Compensation Plan, with a carrying value of approximately $1.5 million and $1.6 million at December 31, 2014 and 2013, respectively, is included in "Treasury stock" in the accompanying Consolidated Balance Sheets.

The following table summarizes nonvested common stock activity as of December 31, 2014 and for the year then ended:

Nonvested Common Stock	Shares (000s)	Weighted Average Grant-Date Fair Value
Nonvested at January 1, 2014	6	$ 16.89
Granted	10	$ 20.54
Vested	(10)	$ 20.13
Forfeited or expired	(1)	$ 16.30
Nonvested at December 31, 2014	**5**	**$ 17.88**

The following table summarizes information regarding shares of common stock granted and vested (in thousands, except per common stock amounts):

	Years Ended December 31,		
	2014	2013	2012
Number of shares of common stock granted	**10**	13	15
Weighted average grant-date fair value per common stock	**$20.54**	$16.76	$15.27
Fair value of common stock vested	**$ 212**	$ 257	$ 195
Cash used to settle the obligation	**$1,493**	$1,014	$ 459

As of December 31, 2014, there was less than $0.1 million of total unrecognized compensation cost, net of estimated forfeitures, related to nonvested common stock granted under the Deferred Compensation Plan. This cost is expected to be recognized over a weighted average period of 2.1 years.

Note 27. Segments and Geographic Information

The Company operates within two regions, the Americas and EMEA. Each region represents a reportable segment comprised of aggregated regional operating segments, which portray similar economic characteristics. The Company aligns its business into two segments to effectively manage the business and support the customer care needs of every client and to respond to the demands of the Company's global customers.

The reportable segments consist of (1) the Americas, which includes the United States, Canada, Latin America, Australia and the Asia Pacific Rim, and provides outsourced customer contact management solutions (with an emphasis on technical support and customer service) and technical staffing and (2) EMEA, which includes Europe, the Middle East and Africa, and provides outsourced customer contact management solutions (with an emphasis on technical support and customer service) and fulfillment services. The sites within Latin America, Australia and the Asia Pacific Rim are included in the Americas segment given the nature of the business and client profile, which is primarily made up of U.S.-based companies that are using the Company's services in these locations to support their customer contact management needs.

Table of Contents

Information about the Company's reportable segments was as follows (in thousands):

	Americas	EMEA	Other [1]	Consolidated
Year Ended December 31, 2014:				
Revenues [2]	**$1,070,824**	**$ 256,699**		**$1,327,523**
Percentage of revenues	**80.7%**	**19.3%**		**100.0%**
Depreciation, net [2]	**$ 40,557**	**$ 4,806**		**$ 45,363**
Amortization of intangibles [2]	**$ 14,396**	**$ —**		**$ 14,396**
Income (loss) from continuing operations	**$ 113,549**	**$ 16,208**	**$ (50,202)**	**$ 79,555**
Other (expense), net			**(2,396)**	**(2,396)**
Income taxes			**(19,368)**	**(19,368)**
Income from continuing operations, net of taxes				**57,791**
(Loss) from discontinued operations, net of taxes [3]	**$ —**	**$ —**		**—**
Net income				**$ 57,791**
Total assets as of December 31, 2014	**$1,080,010**	**$1,373,590**	**$(1,509,100)**	**$ 944,500**
Year Ended December 31, 2013:				
Revenues [2]	$1,050,813	$ 212,647		$1,263,460
Percentage of revenues	83.2%	16.8%		100.0%
Depreciation, net [2]	$ 37,818	$ 4,266		$ 42,084
Amortization of intangibles [2]	$ 14,863	$ —		$ 14,863
Income (loss) from continuing operations	$ 94,006	$ 6,052	$ (46,531)	$ 53,527
Other (expense), net			(2,202)	(2,202)
Income taxes			(14,065)	(14,065)
Income from continuing operations, net of taxes				37,260
(Loss) from discontinued operations, net of taxes [3]	$ —	$ —		—
Net income				$ 37,260
Total assets as of December 31, 2013	$1,097,788	$1,409,185	$(1,556,712)	$ 950,261
Year Ended December 31, 2012:				
Revenues [2]	$ 947,147	$ 180,551		$1,127,698
Percentage of revenues	84.0%	16.0%		100.0%
Depreciation, net [2]	$ 36,494	$ 3,875		$ 40,369
Amortization of intangibles [2]	$ 10,479	$ —		$ 10,479
Income (loss) from continuing operations	$ 93,580	$ 5,488	$ (51,289)	$ 47,779
Other (expense), net			(2,622)	(2,622)
Income taxes			(5,207)	(5,207)
Income from continuing operations, net of taxes				39,950
(Loss) from discontinued operations, net of taxes [3]	$ (10,707)	$ (820)		(11,527)
Net income				$ 28,423
Total assets as of December 31, 2012	$1,265,119	$1,100,938	$(1,457,368)	$ 908,689

[1] Other items (including corporate costs, other income and expense, and income taxes) are shown for purposes of reconciling to the Company's consolidated totals as shown in the tables above for the years ended December 31, 2014, 2013 and 2012. The accounting policies of the reportable segments are the same as those described in Note 1 to the accompanying Consolidated Financial Statements. Inter-segment revenues are not material to the Americas and EMEA segment results. The Company evaluates the performance of its geographic segments based on revenues and income (loss) from continuing operations, and does not include segment assets or other income and expense items for management reporting purposes.

[2] Revenues, depreciation and amortization include results from continuing operations only.

[3] Includes both the (loss) from discontinued operations, net of taxes, and the (loss) on sale of discontinued operations, net of taxes, if any.

Total revenues by segment from AT&T Corporation, a major provider of communication services for which the Company provides various customer support services, were as follows (in thousands):

	Years Ended December 31,					
	2014		2013		2012	
	Amount	% of Revenues	Amount	% of Revenues	Amount	% of Revenues
Americas	**$212,607**	**19.9%**	$162,888	15.5%	$130,072	13.7%
EMEA	**3,519**	**1.4%**	3,513	1.7%	3,018	1.7%
	$216,126	**16.3%**	$166,401	13.2%	$133,090	11.8%

The Company has multiple distinct contracts with AT&T spread across multiple lines of businesses, which expire at varying dates between 2015 and 2017. The Company has historically renewed most of these contracts. However, there is no assurance that these contracts will be renewed, or if renewed, will be on terms as favorable as the existing contracts. Each line of business is governed by separate business terms, conditions and metrics. Each line of business also has a separate decision maker such that a loss of one line of business would not necessarily impact the Company's relationship with the client and decision makers on other lines of business. The loss of (or the failure to retain a significant amount of business with) any of the Company's key clients, including AT&T, could have a material adverse effect on its performance. Many of the Company's contracts contain penalty provisions for failure to meet minimum service levels and are cancelable by the client at any time or on short notice. Also, clients may unilaterally reduce their use of the Company's services under the contracts without penalty.

Total revenues by segment from the Company's next largest client, which was in the financial services vertical market in each of the years, were as follows (in thousands):

	Years Ended December 31,					
	2014		2013		2012	
	Amount	% of Revenues	Amount	% of Revenues	Amount	% of Revenues
Americas	**$70,255**	**6.6%**	$73,226	7.0%	$70,311	7.4%
EMEA	**—**	**0.0%**	—	0.0%	—	0.0%
	$70,255	**5.3%**	$73,226	5.8%	$70,311	6.2%

The Company's top ten clients accounted for approximately 46.8%, 45.9% and 47.8% of its consolidated revenues during the years ended December 31, 2014, 2013 and 2012, respectively.

Table of Contents

Information about the Company's operations by geographic location was as follows (in thousands):

	Years Ended December 31,		
	2014	2013	2012
Revenues: [1]			
United States	**$ 425,746**	$ 388,775	$ 302,046
The Philippines	**205,332**	213,132	225,629
Canada	**195,739**	210,463	198,585
Costa Rica	**97,295**	101,888	100,101
El Salvador	**52,609**	46,301	46,910
Australia	**33,126**	36,725	24,633
China	**32,167**	25,478	21,614
Mexico	**20,439**	23,701	23,315
Other	**8,371**	4,350	4,314
Total Americas	**1,070,824**	1,050,813	947,147
Germany	**88,887**	77,950	73,380
Sweden	**68,057**	49,953	22,229
United Kingdom	**42,328**	33,750	35,833
Romania	**18,288**	14,856	10,773
Hungary	**8,723**	8,525	7,619
Netherlands	**3,126**	3,073	6,511
Other	**27,290**	24,540	24,206
Total EMEA	**256,699**	212,647	180,551
	$1,327,523	$1,263,460	$1,127,698

[1] Revenues are attributed to countries based on location of customer, except for revenues for Costa Rica, The Philippines, China and India which are primarily comprised of customers located in the U.S., but serviced by centers in those respective geographic locations.

	December 31,	
	2014	2013
Long-Lived Assets: [1]		
United States	**$108,030**	$120,759
Canada	**16,257**	23,164
The Philippines	**14,656**	17,197
Costa Rica	**5,625**	4,759
El Salvador	**3,298**	2,552
Australia	**2,923**	3,799
Mexico	**1,575**	1,902
Other	**6,998**	6,695
Total Americas	**159,362**	180,827
United Kingdom	**3,871**	4,158
Sweden	**2,478**	3,676
Germany	**2,310**	2,097
Romania	**682**	679
Slovakia	**496**	666
Norway	**490**	603
Hungary	**442**	564
Other	**369**	334
Total EMEA	**11,138**	12,777
	$170,500	$193,604

[1] Long-lived assets include property and equipment, net, and intangibles, net.

Goodwill by segment was as follows (in thousands):

	December 31,	
	2014	2013
Americas	**$193,831**	$199,802
EMEA	—	—
	$193,831	$199,802

Revenues for the Company's products and services were as follows (in thousands):

	Years Ended December 31,		
	2014	2013	2012
Outsourced customer contract management services	**$1,303,607**	$1,240,328	$1,104,442
Fulfillment services	**18,392**	16,953	16,357
Enterprise support services	**5,524**	6,179	6,899
	$1,327,523	$1,263,460	$1,127,698

Note 28. Other Income (Expense)

Other income (expense) consists of the following (in thousands):

	Years Ended December 31,		
	2014	2013	2012
Foreign currency transaction gains (losses)	**$(1,740)**	$(5,962)	$(2,856)
Gains (losses) on foreign currency derivative instruments not designated as hedges	**(44)**	4,216	(295)
Gains (losses) on liquidation of foreign subsidiaries	—	—	(582)
Other miscellaneous income (expense)	**441**	985	1,200
	$(1,343)	$ (761)	$(2,533)

Note 29. Related Party Transactions

In January 2008, the Company entered into a lease for a customer contact management center located in Kingstree, South Carolina. The landlord, Kingstree Office One, LLC, is an entity controlled by John H. Sykes, the founder, former Chairman and Chief Executive Officer of the Company and the father of Charles Sykes, President and Chief Executive Officer of the Company. The lease payments on the 20 year lease were negotiated at or below market rates, and the lease is cancellable at the option of the Company. There are significant penalties for early cancellation which decrease over time. The Company paid $0.4 million to the landlord during each of the years ended December 31, 2014, 2013 and 2012 under the terms of the lease.

Table of Contents

Schedule II — Valuation and Qualifying Accounts

Years ended December 31, 2014, 2013 and 2012:

(in thousands)	Balance at Beginning of Period	Charged (Credited) to Costs and Expenses	Additions (Deductions) [1]	Balance at End of Period
Allowance for doubtful accounts:				
Year ended December 31, 2014	**$ 4,987**	**(181)**	**$ (145)**	**$ 4,661**
Year ended December 31, 2013	5,081	483	(577)	4,987
Year ended December 31, 2012	4,304	1,115	(338)	5,081
Valuation allowance for net deferred tax assets:				
Year ended December 31, 2014	**$ 42,664**	**$ (8,518)**	**$ —**	**$ 34,146**
Year ended December 31, 2013	43,298	(634)	—	42,664
Year ended December 31, 2012	38,544	4,754	—	43,298
Reserves for value added tax receivables:				
Year ended December 31, 2014	**$ 2,530**	**$ (638)**	**$ (1,617)**	**$ 275**
Year ended December 31, 2013	3,076	143	(689)	2,530
Year ended December 31, 2012	2,355	546	175	3,076

[1] Net write-offs and recoveries, including the effect of foreign currency translation.

Exhibit 10.35

SYKES ENTERPRISES, INCORPORATED

DEFERRED COMPENSATION PLAN

AMENDED AND RESTATED
AS OF
JANUARY 1, 2014

Sykes Enterprises, Incorporated ("SYKES") previously established the Sykes Enterprises, Incorporated Deferred Compensation Plan (the "Plan") effective as of December 17, 1998, to retain and reward a select group of management or highly compensated employees of SYKES or an Affiliate. The Plan has been amended from time to time to comply with legislative and regulatory changes and to make other desired changes to the Plan. SYKES has determined that it would be in the best interest of the Participants to amend and restate the Plan effective as of January 1, 2014 to incorporate prior amendments and to make additional desired plan design changes. The Plan is an unfunded plan established and maintained for the primary purpose of providing certain key employees who contribute or who are expected to contribute substantially to the success of SYKES with the opportunity to defer the receipt of compensation. The Plan is intended to comply with Section 409A of the Internal Revenue Code of 1986.

ARTICLE I. Definitions.

1.01. "Administrator" means the Compensation Committee of the Board of Directors of Sykes Enterprises, Incorporated.

1.02. "Affiliate" means, with respect to SYKES, any corporation other than SYKES that is a member of a controlled group of corporations, within the meaning of Section 414(b) of the Code, of which SYKES is a member; and any other trade or business (whether or not incorporated) under common control, within the meaning of Section 414(c) of the Code, with SYKES. Provided, however, that solely for purposes of Section 1.17, fifty percent (50%) ownership shall be substituted for eighty percent (80%) ownership.

1.03. "Beneficiary" means the person or persons designated by the Participant to receive any benefits under the Plan in the event of Participant's death in accordance with Section 4.03.

1.04. "Board" means the Board of Directors of Sykes Enterprises, Incorporated.

1.05. "Change in Control" means the occurrence of any one (1) or more of the following events:

(a) A change in the effective control of SYKES, which occurs only on either of the following dates:

(1) The date any Person or more than one Person acting as a group (other than SYKES or any corporation owned, directly or indirectly, by the stockholders of SYKES in substantially the same proportions as their ownership of stock of SYKES, and any trustee or other fiduciary holding

securities under an employee benefit plan of SYKES or such proportionately owned corporation), acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such Person or Persons) ownership of stock of SYKES representing thirty percent (30%) or more of the total voting power of the stock of SYKES; or

(2) The date a majority of the members of the Board is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election;

provided that, in any event, the transaction must constitute a change in the effective control of SYKES within the meaning of Section 409A(a)(2)(A)(v) of the Code and Treasury Regulations Section 1.409A-3(i)(5)(vi).

(b) The date any Person or more than one Person acting as a group acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such Person or Persons) all or substantially all of SYKES; assets; provided that the transaction must constitute a change in the ownership of a substantial portion of the assets of SYKES within the meaning of Section 409A(a)(2)(A)(v) of the Code and Treasury Regulations Section 1.409A-3(i)(5)(vii).

1.06. “Code” means the Internal Revenue Code of 1986, as it may be amended from time to time, or any successor statute. Reference to a specific Section of the Code shall include a reference to any successor provision.

1.07. “Contingent Deferred Obligation” means the total amount of SYKES’ contingent liability for payment of deferred benefits under the Plan.

1.08. “Deferred Compensation Account” means the bookkeeping account established in accordance with Article III for each Participant that represents the Participant’s hypothetical interest in the amounts credited to such account in accordance with Article II.

1.09. “Disability” means (a) the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (b) the Participant is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Participant’s employer.

1.10. “Fiscal Year” or “Year” means the twelve (12) month period ending on December 31.

1.11. “Matching Contribution Account” means a bookkeeping account established in accordance with Article III that represents a Participant’s hypothetical interest with respect to the amounts credited to such account in accordance with Article II.

1.12. “Participant” means an employee of SYKES, or of an Affiliate, designated by the Administrator as eligible to participate in the Plan, or a person who was such at the time of his retirement, death, or resignation and who retains, or whose Beneficiaries retain, benefits under the Plan in accordance with its terms from time to time.

1.13. “Participation Agreement” means a form or forms (paper or electronic) provided to the Participants by the Administrator for purposes of making elections as set forth in Article III.

1.14. “Person” shall have the same meaning ascribed to such term in the Code and Treasury Regulations.

1.15. “Plan” means this Sykes Enterprises, Incorporated Deferred Compensation Plan as it may be amended from time to time.

1.16. “Retirement” means a Separation from Service at or after a Participant attains age sixty-five (65).

1.17. “Separation from Service” means the Participant has a termination of employment with SYKES, and/or any Affiliates.

(a) A termination of employment will occur as of the date that both the Participant and SYKES reasonably anticipate, based on all of the facts and circumstances, that either (1) no services will be performed by the Participant for SYKES, or an Affiliate, after such date, whether as an employee or as an independent contractor, or (2) the level of bona fide services that the Participant will perform for SYKES, or an Affiliate, after such date, whether as an employee or as an independent contractor, will be permanently reduced to less than twenty percent (20%) of the average level of bona fide services the Participant performed over the immediately preceding thirty-six (36) month period (or, if less, the Participant’s full period of service to SYKES, or an Affiliate).

(b) If a Participant is on a “bona fide leave of absence” (as defined below) from SYKES, or any Affiliate, the Participant’s employment will be considered terminated, even though the Participant is reasonably expected to return to perform services for SYKES, or any Affiliate (at a level such that the Participant’s employment is not terminated pursuant to subsection (a) above), on the <u>later of</u> : (1) the first date immediately following the end of the “six (6) month period” (as defined below), or (2) the date the

Participant's right to reemployment under applicable law or contract, if any, expires. A " bona fide leave of absence " is a leave of absence, including military leave or sick leave, in which there is a reasonable expectation that the Participant will return to perform service for SYKES, or any Affiliates. The " six (6) month period " is the period that begins on the date the leave of absence commences and ends on the date that is six (6) months thereafter. Notwithstanding, if the leave of absence is due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six (6) months, where such impairment causes the employee to be unable to perform the duties of his position of employment or any substantially similar position of employment, a twenty-nine (29) month period of absence shall be substituted for such six (6) month period of absence.

(c) The foregoing definition is intended to meet the requirements for a "Separation from Service" within the meaning of Section 409A(a)(2)(A)(i) of the Code, and shall be interpreted, construed, administered and applied consistently therewith.

1.18. "SYKES" means Sykes Enterprises, Incorporated, a Florida corporation, and its corporate successors.

1.19. "Unforeseeable Emergency" means a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, the Participant's Beneficiary, or the Participant's dependent (as defined in Code Section 152, without regard to Code Sections 152(b)(1), (b)(2), and (d)(1)(B)); loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance); or other similar extraordinary and unforeseeable circumstances arising from the events beyond the control of the Participant. The need to pay for medical expenses, including nonrefundable deductibles, as well as for the cost of prescription drug medication may constitute an unforeseeable emergency. The need to pay for the funeral expenses of a spouse, a Beneficiary, or a dependent (as defined in Code Section 152, without regard to Code Sections 152(b)(1), (b)(2), and (d)(1)(B)) may also constitute an unforeseeable emergency. Except as otherwise provided in this paragraph, the purchase of a home and payment of college tuition are not unforeseeable emergencies.

1.20. "Valuation Date" means each day that the New York Stock Exchange and the Plan's recordkeeper are open for business.

1.21. "Year of Participation" means each twelve (12) month period in which the Participant is eligible to participate in this Plan. Years of Participation shall include the periods for which the Participant was eligible to participate in the nonqualified deferred compensation plan maintained by ICT Group Inc., as well as the period beginning January 1, 2010 and ending December 31, 2010 during which the Participant was employed; provided that the Participant

was employed with ICT Group Inc. on February 2, 2010, the date ICT Group Inc. was acquired by SYKES. Further, effective as of January 1, 2013, Years of Participation shall include a Participant's years of service (each continuous 12-month period of service) that the Participant was employed with Alpine Access, Inc. in a position of Director or above, provided, that such Participant was employed with Alpine Access, Inc. in such position on the date immediately preceding August 20, 2012, the date Alpine Access, Inc. was acquired by SYKES or its Affiliate, and continued in such position or higher position following such date. Effective July 1, 2014 Years of Participation shall include all years of service (each continuous 12-month period of service) that the employee worked outside of the United States in a position that is the equivalent of a Director or above in the United States, as determined by the Administrator

ARTICLE II. Designation of Participants and Income Deferral.

2.01. The Administrator shall have the sole and exclusive discretion to establish the criteria to determine those eligible to participate from among the officers of SYKES who hold the offices currently designated by the titles of Director, Senior Director, Executive Director, Vice President, Global Vice President, Senior Vice President, Executive Vice President, Chief Executive Officer and President. Officers meeting the criteria established by the Administrator shall become Participants effective as of the January 1 or July 1 which next follows the date they have met the criteria.

2.02. For any Fiscal Year other than the Fiscal Year in which a Participant first becomes entitled to participate in the Plan, a Participant may elect to defer a specific percentage (between 1% and 100%) of his base compensation, commissions or bonus earned during such Fiscal Year (regardless of when paid) as provided herein. Such election shall be made by the execution and delivery to the Administrator (or its agent) of a Participation Agreement prior to the first day of such Fiscal Year. Such election shall become effective with respect to base compensation, commissions or bonuses earned after such Fiscal Year begins. Such Participation Agreement shall apply to base compensation, commissions or bonuses earned in any subsequent Fiscal Years unless the Participation Agreement is subsequently modified by the Participant. Any modification shall be effective for the next Fiscal Year and shall be made through the execution and delivery of a subsequent Participation Agreement.

2.03. In the event that, during the Fiscal Year in which an individual is first designated as eligible to participate in the Plan pursuant to Section 2.01, the Participant desires to make an election to defer a specific percentage (between 1% and 100%) of his base compensation, commissions or bonus to be earned, a Participation Agreement must be submitted by the Participant to the Administrator (or its agent) no later than thirty (30) days following the January 1 or July 1, whichever is applicable, on which such individual becomes designated as an eligible Participant. Any such election made in such Participation Agreement shall be effective only with regard to base compensation, commissions or bonuses earned after the date the Participation Agreement is submitted to the Administrator. If a newly eligible Participant does not submit a Participation Agreement within such period of time, such Participant will not be eligible to elect to defer compensation except in accordance with Section 2.02 above. Any amounts deferred under this Plan will be subject to the provisions of this Deferred Compensation Plan regarding distribution of a Participant's Deferred Compensation Account.

2.04. Notwithstanding the foregoing, a Participant may cancel a deferral election during the Fiscal Year with respect to which such election is in effect due to an Unforeseeable Emergency or if necessary to receive a hardship distribution from a qualified cash or deferred arrangement pursuant to income Treasury Regulation Section 1.401(k)-1(d)(3). The Participant may make a new deferral election pursuant to the provisions of Section 2.02 above, which new election shall only apply to amounts earned by the Participant after the end of the Fiscal Year in which such new election is delivered to the Administrator.

2.05. Compensation earned by a Participant while he is a Participant in the Plan shall continue to be deferred until the later of (a) the Participant's Separation from Service, disability or death or (b) the date the Participant or his Beneficiary becomes entitled to a distribution as hereinafter provided in Article IV.

2.06. In the event of a Change in Control, a Participant will be entitled to a distribution of the balance of his Deferred Compensation Account, notwithstanding the provisions of Section 2.05. For purposes of Section 4.01, a Participant will be treated as if he had incurred a Separation from Service due to his Retirement as of the effective date of the Change in Control. In the event of a distribution of benefits as a result of a Change in Control, SYKES will increase the benefit by an amount sufficient to offset the income tax obligations created by the distribution of benefits. A Participant shall be deemed to have a Separation from Service on the effective date of a Change in Control.

2.07. A Participant may elect to defer a specific percentage (between 1% and 100%) of his base compensation and/or commissions/bonus; provided, however, that a Participant may not elect to defer any amounts earned as payroll advances, advance payments of bonuses, or any other similar advance of compensation.

2.08. SYKES will match a portion of amounts deferred by Participants who hold the offices currently designated by the titles of President, Chief Executive Officer, Executive Vice President, Senior Vice President, Global Vice President and Vice President on a quarterly basis as follows: fifty percent (50%) match on the amount deferred by the Participants, provided, that the matching contribution amount shall not exceed $12,000.00 per year for the President, Chief Executive Officer, and Executive Vice Presidents or $7,500.00 per year for Senior Vice Presidents, Global Vice Presidents and Vice Presidents. Participants who hold the offices currently designated by the titles of Executive Director, Senior Director and Director shall not be entitled to receive any matching funds. The total amount of the matching contribution made to this Plan will be made in the form of SYKES common stock, valued as of the Valuation Date for which the matching contribution is applicable, based on the closing price of a share of SYKES common stock as of such date as reported by the securities market on which SYKES common stock is sold (or if such date is not a trading date, the closing price as of the next preceding trading date). If there is more than one securities market on which SYKES common stock is traded, the Administrator shall determine the appropriate market for determining the common stock's value for this purpose. If SYKES common stock is not traded on a securities market, the stock's value will be determined by the Administrator in good faith. To the extent that dividends are paid on the SYKES common stock shares that have been credited to a Participant's Matching Contribution Account under the Plan, such dividend payments will be reinvested under the Plan as of the ex-dividend date.

ARTICLE III. Contingency Payments, Investments and Forfeitures.

3.01. SYKES shall establish a Deferred Compensation Account and Matching Contribution Account in the name of each Participant for purposes of the Plan. Such amounts deferred by a Participant shall be credited to the Participant's Deferred Compensation Account on a pro rata basis after each payroll period during the Fiscal Year. Matching contributions will

be credited to the Participant's Matching Contribution Account of the end of each Fiscal Year quarter. Earnings on the deferred compensation shall be credited to the Participant's Deferred Compensation Account each Valuation Date and statements reflecting the balance of each Participant's Deferred Compensation Account and Matching Contribution Account shall be prepared on a quarterly basis as soon as is practicable after the end of each quarter. A Deferred Compensation Account and Matching Contribution Account shall be kept in the name of each Participant (or the Beneficiary of a deceased Participant) which shall reflect the value of the Participant's benefit, or in the event that the Participant's benefit has become vested as provided herein, the value of any vested benefits, payable to such Participant or Beneficiary under the Plan. The Deferred Compensation Account and the Matching Contribution Account shall be credited or debited in accordance with the following procedure at the end of each Valuation Date for purposes of determining earnings and losses:

(a) Payments - The total amount of any payments made from the accounts since the last Valuation Date shall be subtracted from the account balance that existed as of the last Valuation Date.

(b) Deferred Compensation Contributions - Any deferred compensation contributions made by the Participant since the last Valuation Date shall be added to the account balance that existed as of the last Valuation Date.

(c) Net Gain or Loss - Each Participant's Deferred Compensation Account shall be increased or decreased to reflect a proportionate share of the net increase or net decrease for each investment fund held in the Deferred Compensation Account, since the last Valuation Date.

(d) Matching Contributions - The entire amount of any matching contributions made by SYKES shall be added to the Matching Contribution Account balance that existed as of the prior Valuation Date.

(e) Investment Transfers - The amount(s) necessary in order to effect an investment transfer requested by the participant shall be added to or subtracted from each investment fund as required. Such transfers shall be made as soon as is practicable.

3.02. Until and except to the extent that deferred benefits hereunder are distributed to or vested in a Participant or Beneficiary from time to time in accordance with the provisions of the Plan, the interest of each Participant and Beneficiary therein is contingent only and is subject to forfeiture as provided in this Plan. Title to and beneficial ownership of any assets, whether cash or investments, which SYKES may set aside to meet its Contingent Deferred Obligation hereunder, shall at all times remain in SYKES; and no Participant or Beneficiary shall under any circumstances acquire any property interest and any specific assets of SYKES.

3.03. Any amounts credited to the Deferred Compensation Account of a Participant shall be invested and reinvested in mutual funds, stocks, bonds, securities or any

other assets that may be selected by the Administrator in its discretion, provided that it is the intention of the Board in establishing this Plan that the Administrator will select investment vehicles which are substantially identical to those investment vehicles provided under the Sykes 401(k) Savings Plan and Trust. In selecting investment vehicles, the Board may engage an investment consultant, and may delegate to such consultant authority to recommend investment choices be made available for investment within the Plan. Any such service may be charged to the Participant's Account as an expense of administering the Plan. Participants may request that the Administrator allocate deferred compensation among investment vehicles selected by the Administrator on a daily basis; and may request reallocation of amounts already deferred and earnings attributable thereto on the same basis.

3.04. As a condition of participation in this Plan, the Participant agrees that on behalf of himself and his designated Beneficiary to assume all risk in connection with any decrease in value of the funds which are invested and which continue to be invested in accordance with the provisions of this Plan.

ARTICLE IV. Distribution of Benefits.

4.01. The benefits under the Plan (unless they are forfeited under Section 4.01(c) or by the occurrence of any of the events of forfeiture specified in Section 4.04 below) shall be made in the form of a lump sum as set forth below:

(a) In the event of a Separation from Service, the Participant shall be entitled to the balance in his Deferred Compensation Account as of the date of distribution. Such amounts shall be paid on the first day of the seventh month following Separation from Service.

(b) In the event of a Separation from Service, the Participant shall be entitled to a distribution of the SYKES common stock credited to his Matching Contribution Account as of the date of distribution. The SYKES common stock held in the Matching Contribution Account will be distributed to the Participant on the first day of the seventh month following Separation from Service, subject to the vesting provisions of subsection 4.01(c) below, and the forfeiture provisions of 4.04. Notwithstanding the foregoing, fractional shares shall not be distributed. Any fractional shares shall be liquidated and distribution made in cash.

(c) Notwithstanding the foregoing, in the event the Participant incurs a Separation from Service (for reasons other· than death, disability or Retirement) with less than three (3) Years of Participation, any matching contributions will be forfeited. In the event that a Participant incurs a Separation from Service after more than three (3) Years of Participation, but after less than five (5) Years of Participation, the Participant shall forfeit sixty-seven percent (67%) of the matching contribution and earnings thereon. In the event that a Participant incurs a Separation from Service after more than five (5) Years of Participation but after less than seven (7) Years of Participation, the Participant shall forfeit thirty-three

percent (33%) of the matching contribution and earnings thereon. Once the Participant completes seven (7) Years of Participation he will be fully vested with respect to the shares of SYKES common stock credited to his Matching Contribution Account. Further, a Participant shall be fully vested upon death, Disability or Retirement. Participant will be fully vested in the event the Plan is terminated in accordance with section 6.02.

(d) Any nonvested amounts shall be forfeited and will be deducted from the Participant's bookkeeping account upon distribution of the vested account balance.

(e) In the event of death of the Participant while still an employee, a lump sum distribution of the Participant's Deferred Compensation Account and total distribution of the shares of SYKES common stock in the Matching Contribution Account will be paid to the Participant's named Beneficiary on the first day of the second month following the Participant's death.

(f) In the event of the Participant's Disability while still an employee as defined herein, a lump sum distribution of the Participant's Deferred Compensation Account and total distribution of the shares of SYKES common stock held in the Matching Contribution Account will be paid to the Participant on the first day of the second month following the Participant's Disability.

(g) In the event an alternate payee is entitled to an accelerated payment pursuant to section 5.02(b), a lump sum distribution from the Participant's Deferred Compensation Account and a distribution of the vested shares of SYKES common stock credited to the Matching Contribution Account will be paid to the alternate payee based on the provisions of the domestic relations order as soon as administratively feasible following the date the Administrator approves the domestic relations order.

4.02. Reserved.

4.03. A Participant shall have the right to designate one or more Beneficiaries who are to succeed to his contingent right to receive future payments under the Plan in the event of his death. In case of a failure to designate or the death of a designated Beneficiary without a designated successor, distribution shall be made to the Participant's estate. Such designation must be made on a form (paper or electronic) provided by the Administrator. Beneficiaries may be changed without the consent of any prior Beneficiaries.

4.04. Notwithstanding anything herein contained to the contrary, no payment of any then unpaid distribution of SYKES shares of common stock credited to the Matching Contribution Accounting shall be made and all rights of the Participant, his designated Beneficiary, executors or administrators, or any other person to receive payments of such matching contributions shall be forfeited if any of the following events shall occur:

(a) The Participant is terminated for "Cause." For the purposes of this Plan, SYKES shall have "Cause" to terminate a Participant's employment hereunder: (i) if the Participant engages in conduct which has caused or is reasonably likely to cause demonstrable and serious injury to SYKES; (ii) if the Participant is convicted of a felony as evidenced by a binding and final judgment, order, or decree of a court of competent jurisdiction; (iii) for the Participant's neglect of his duties hereunder or the Participant's refusal to perform his duties or responsibilities hereunder as determined by SYKES' Board of Directors in good faith; (iv) for the Participant's chronic absenteeism; (v) for the Participant's use of illegal drugs; (vi) for the Participant's insobriety while performing his or her duties hereunder; or (vii) for any act of dishonesty, embezzlement or falsification of reports, records, or information submitted by the Participant to SYKES. Notwithstanding the foregoing, to the extent the Participant is terminated for Cause under the terms of any employment agreement between the Participant and SYKES, such Participant shall also be deemed to be terminated for Cause for purposes of this Plan.

(b) The Participant enters into a business or employment which the Administrator determines to be in violation of any non-compete agreement signed by the Participant in favor of SYKES or a subsidiary.

(c) The Participant fails to fully comply with the terms of any confidentiality agreement signed by the Participant in favor of SYKES or a subsidiary, as determined by the Administrator.

4.05. The Administrator may at any time and from time to time order all or any part of the value of the contingent right of a Participant or Beneficiary to receive future payments without forfeiture.

ARTICLE V. General Provisions.

5.01. Nothing contained in this Plan and no actions taken pursuant to the provisions of this Plan shall create or be construed to create a trust of any kind, or a fiduciary relationship between SYKES and a Participant, his designated Beneficiary or any other person. Any funds, which may be invested under the provisions of this Plan, shall continue for all purposes to be part of the general funds of SYKES and no person other than SYKES shall by virtue of the provisions of this Plan have any interest in such funds. To the extent that any person acquires a right to receive payments from SYKES under this Plan, such right shall be no greater than the right of any unsecured general creditor of SYKES.

5.02. (a) The right of a Participant or any other person to the payment of deferred compensation or other benefits under this Plan shall not be assigned, transferred, pledged or encumbered except by will or by the laws of descent and distribution.

(b) (1) Notwithstanding the provisions of subsection (a) above, the Administrator may make payments to an alternate payee in accordance with the terms of the domestic relations order (as defined in Code Section 414(p)(1)(B)). Payments to such alternate payee shall be paid in accordance with the terms of the domestic relations order and section 4.01(g).

(2) The Administrator may promulgate any additional rules and regulations it deems necessary or appropriate to govern this subsection (b).

5.03. If the Administrator shall find that any person to whom any payment is payable under this Plan is unable to care for his affairs because of illness or accident, or is a minor, any payment due (unless a prior claim therefore shall have been made by a duly appointed guardian or other legal representative) may be paid to the spouse, a child, a parent, or a brother or sister, or to any person deemed by the Administrator to have incurred expense for such person otherwise entitled to payment, in such manner and proportions as the Administrator may determine. Any such payment shall be in a complete discharge of the liabilities of SYKES to the Participant or person under this Plan.

5.04. Nothing contained in this Plan shall be construed as conferring upon a Participant the right to continue in the employ of SYKES as an Executive or in any other capacity.

5.05. The Administrator shall have full power and authority to interpret, construe and administer this Plan; and the Administrator's interpretations and construction thereof, and actions thereunder, including an valuation of a Deferred Compensation Account or Matching Contribution Account, or the amount or recipient of the payment to be made therefrom, shall be binding and conclusive upon all persons for all purposes. No member of the Board of SYKES shall be liable to any person for any action taken or omitted in connection with the interpretation and administration of this Plan, unless attributable to his own willful misconduct or lack of good faith.

5.06. This Plan shall be binding upon and inure to the benefit of SYKES, its successors and assigns, and the Participant and his heirs, executors, administrators and legal representatives.

5.07. In no event shall any payments be made pursuant to the Plan that fail to satisfy the restrictions on acceleration of distributions imposed by Section 409A of the Internal Revenue Code (including, but not limited to, any payments that would be made in the event of the termination of the Plan).

5.08. The Plan constitutes an unsecured promise by SYKES to pay benefits in the future. Participants shall have the status of general unsecured creditors. The Plan is unfunded for Federal tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974. All amounts credited to a Participant's accounts will remain the general assets of SYKES and shall remain subject to the claims of SYKES' creditors until such amounts are distributed to the Participants.

5.09. The Administrator shall establish such accounting procedures as are necessary to implement the provisions of this Plan.

5.10. The Plan shall not be deemed to constitute a contract between SYKES and any Participant, nor to be consideration for the employment of any Participant. Nothing in the Plan shall give a Participant the right to be retained in the employ of SYKES; all Participants shall remain subject to discharge or discipline as employees to the same extent as if the Plan had not been adopted.

5.11. The invalidity of any portion of this Plan shall not invalidate the remainder and the remainder shall continue in full force and effect.

5.12. SYKES intends for this Plan to conform in all respects to the requirements under Section 409A of the Code, the failure of which would result in the imposition or accrual of penalties, interest or additional taxes under Section 409A of the Code (the " Section 409A Requirements "). Accordingly, SYKES intends for this Plan to be interpreted, construed, administered and applied in a manner as shall meet and comply with the Section 409A Requirements, and in the event of any inconsistency between this Plan and the Section 409A Requirements, this Plan shall be reformed so as to meet the Section 409A Requirements. Any reference in this Plan to Section 409A of the Code, or any subsection thereof, shall be deemed to mean and include, to the extent then applicable and then in force and effect (but not to the extent overruled, limited or superseded), published rulings, notices and similar announcements issued by the Internal Revenue Service under or interpreting Section 409A of the Code and regulations (proposed, temporary or final) issued by the Secretary of the Treasury under or interpreting Section 409A of the Code.

5.13. This instrument shall be construed in accordance with and governed by the laws of the State of Florida, to the extent not superseded by the laws of the United States.

5.14. Nothing contained in the Plan shall be deemed to give any Participant any equity or other interest in the assets, business or affairs of SYKES. No Participant in the Plan shall have a security interest in assets of SYKES used to make contributions or pay benefits.

5.15. Throughout this Plan, and whenever appropriate, the masculine gender shall be deemed to include the feminine and neuter; the singular, the plural; and vice versa.

ARTICLE VI. Amendment and Termination.

6.01. The Administrator may amend this Plan without the consent of any Participant as necessary to cause the Plan to continue to satisfy the requirements of Internal Revenue Code Section 409A as the same may be amended from time to time.

6.02. Although SYKES anticipates that it will continue the Plan for an indefinite period of time, there is no guarantee that SYKES will continue the Plan or will not terminate the Plan as any time in the future. Accordingly, SYKES reserves the right to discontinue its sponsorship of the Plan by action of the Board.

No payment of any Participant's benefits under the Plan may be accelerated as a result of the termination of the Plan unless:

a) The Plan is terminated within the period of thirty (30) days preceding or the twelve (12) months following a change in control event (as this term is defined in Treasury Regulations Section 1.409A-2(i)(5));

b) The Plan is terminated within twelve (12) months of a corporate dissolution or is terminated with the approval of a bankruptcy court overseeing a bankruptcy of SYKES.

c) SYKES terminates the Plan and all other similar deferred compensation arrangements that would be aggregated with the Plan under Treasury Regulation Section 1.409A-1(c), provided that (i) any benefits payable as a result of the termination (other than benefits that would have been payable under the terms of the Plan without regard to the termination) are not paid until at least twelve (12) months after the date of termination of the Plan, (ii) all benefit payments under the Plan are completed within twenty-four (24) months after the date of termination of the Plan, and (iii) SYKES does not adopt a new or replacement deferred compensation plan within three (3) years after the date of termination of the Plan.

IN WITNESS WHEREOF , SYKES has caused this Plan to be executed by its duly authorized office on this 20th day of August, 2014.

SYKES ENTERPRISES, INCORPORATED

By: /s/ James T. Holder
JAMES T. HOLDER, EVP, Corporate Secretary & General Counsel

SYKES
Real People. Real Solutions.

EMPLOYMENT AGREEMENT

PLEASE READ THIS AGREEMENT CAREFULLY. THIS AGREEMENT DESCRIBES THE BASIC LEGAL AND ETHICAL RESPONSIBILITIES THAT YOU ARE REQUIRED TO OBSERVE AS AN EXECUTIVE EXPOSED TO HIGHLY SENSITIVE TECHNOLOGY AND STRATEGIC INFORMATION. CONSULT WITH YOUR LEGAL COUNSEL IF ALL THE TERMS AND PROVISIONS OF THIS AGREEMENT ARE NOT FULLY UNDERSTOOD BY YOU.

THIS EMPLOYMENT AGREEMENT is made as of the 29 th day of October, 2014, by and between SYKES ENTERPRISES, INCORPORATED, a Florida corporation (the "Company"), and Andrew Blanchard (the "Executive").

W I T N E S S E T H:

WHEREAS, the Company desires to assure itself of the Executive's continued employment in an executive capacity; and

WHEREAS, the Executive desires to be employed by the Company on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto covenant and agree as follows:

1. EMPLOYMENT AND DUTIES.

Subject to the terms and conditions of this Agreement, the Company shall employ the Executive during the Term (as hereinafter defined) in such management capacities as may be designated from time to time by the Company's Chief Executive Officer. The Executive accepts such employment and agrees to devote his best efforts and entire business time, skill, labor, and attention to the performance of such duties. The Executive agrees to promptly provide a description of any other commercial duties or pursuits engaged in by the Executive to the Company's Chief Executive Officer and/or the Chief Executive Officer's designee. If the Company's Chief Executive Officer determines in good faith that such activities conflict with the Executive's performance of his duties hereunder, the Chief Executive Officer shall notify Executive within thirty (30) days and the Executive shall promptly cease such activities to the extent as directed by the Chief Executive Officer. If the Chief Executive Officer does not provide such notice, Executive shall be free to engage in such commercial duties or pursuits. It is acknowledged and agreed that such description shall be made regarding any such activities in which the Executive owns more than 5% of the ownership of the organization or which may be in violation of Section 5 hereof, and that the failure of the Executive to provide any such description shall enable the Company to terminate the Executive for Cause (as provided in Section 6(c) hereof). The Company agrees to hold any such information provided by the Executive confidential and not disclose the same to any person other than a person to whom

disclosure is reasonably necessary or appropriate in light of the circumstances. In addition, the Executive agrees to serve without additional compensation if elected or appointed to any office, or position, including as a director, of the Company or any subsidiary or affiliate of the Company; provided, however, that the Executive shall be entitled to receive such benefits and additional compensation, if any, that is paid to executive officers of the Company in connection with such service.

2. TERM.

Subject to the terms and conditions of this Agreement, including, but not limited to, the provisions for termination set forth in Section 6 hereof, the employment of the Executive under this Agreement shall commence on the effective date hereof and shall continue until terminated as provided herein (such term shall herein be defined as the "Term"). The Executive agrees that some portions of this Agreement, including the Sections entitled "Confidential Information," "Covenant Not-To-Compete And No Solicitation," "Termination," and "Arbitration of Disputes," and Sections 14 through 18 relating to inventions, patents and works for hire, will remain in force after the termination of this Agreement.

3. COMPENSATION.

(a) Base Salary. Executive's base salary shall initially be $387,500 per annum (pro rated based upon the number of days Executive is employed during any partial calendar year) (the "Base Salary"), which salary shall be payable in regular installments in accordance with the Company's general payroll practices. Such base salary may be increased but not decreased during the Term in the Company's discretion based upon the Executive's performance and any other factors the Company deems relevant. Such base salary shall be payable in accordance with the policy then prevailing for the Company's executives.

(b) Bonus. In addition to such Base Salary, the Executive shall be entitled during the Term to participate in a performance bonus program and shall be eligible to participate in and receive payments or awards from all other bonus and other incentive compensation, stock option and restricted stock plans as may be adopted by the Company, all as recommended by the Compensation Committee of the Board of Directors and approved by the Board of Directors, in its sole discretion, and in each case payable to Executive in accordance with the terms and conditions of the applicable plan. Specifically, Executive shall be eligible for the following bonuses:

(i) Executive shall be entitled during the Term to participate in the annual performance bonus program established by the Board of Directors for all senior executives of the Company, with bonus potential of 70% of base salary.

(ii) Executive shall also be entitled to participate in any annual grants under the Long Term Incentive Plan ("LTIP"), as determined by the Board of Directors for all senior executives of the Company, with a target award of 200% of base salary.

(c) Payments. All amounts paid pursuant to this Agreement shall be subject to withholding or deduction by reason of the Federal Insurance Contribution Act, federal income tax, state and local income tax, if any, and comparable laws and regulations.

(d) Other Benefits. The Executive shall be reimbursed by the Company for all reasonable and customary travel and other business expenses incurred by the Executive in the performance of the Executive's duties hereunder in accordance with the Company's standard policy regarding expense verification practices. The Executive shall be entitled to that number of weeks paid vacation per year that is available to other executive officers of the Company in accordance with the Company's standard policy regarding vacations and such other fringe benefits as may be set forth on Exhibit "A" and shall be eligible to participate in such pension, life insurance, health insurance, disability insurance, and other executive benefits plans, if any, which the Company may from time to time make available to its executive officers generally. Benefits under such plans, if any, shall be paid or provided to Executive in accordance with the terms and conditions of the applicable plan.

4. CONFIDENTIAL INFORMATION.

(a) The Executive has acquired and will acquire information and knowledge respecting the intimate and confidential affairs of the Company, including, without limitation, confidential information with respect to the Company's technical data, research and development projects, methods, products, software, financial data, business plans, financial plans, customer lists, business methodology, processes, production methods and techniques, promotional materials and information, and other similar matters treated by the Company as confidential (the "Confidential Information"). Accordingly, the Executive covenants and agrees that during the Executive's employment by the Company (whether during the Term hereof or otherwise) and thereafter, the Executive shall not, without the prior written consent of the Company, disclose to any person, other than a person to whom disclosure is reasonably necessary or appropriate in connection with the performance by the Executive of the Executive's duties hereunder, any Confidential Information obtained by the Executive while in the employ of the Company.

(b) The Executive agrees that all memoranda; notes; records; papers or other documents; computer disks; computer, video or audio tapes; CD-ROMs; all other media and all copies thereof relating to the Company's operations or business, some of which may be prepared by the Executive; and all objects associated therewith in any way obtained by the Executive shall be the Company's property. This shall include, but is not limited to, documents; computer disks; computer, video and audio tapes; CD-ROMs; all other media and objects concerning any technical data, methods, products, software, research and development projects, financial data, financial plans, business plans, customer lists, contracts, price lists, manuals, mailing lists, advertising materials; and all other materials and records of any kind that may be in the Executive's possession or under the Executive's control. The Executive shall not, except for the Company's use, copy or duplicate any of the aforementioned documents or objects, nor remove them from the Company's facilities, nor use any information concerning them except for the Company's benefit, either during the Executive's employment or thereafter. The Executive covenants and agrees that the Executive will deliver all of the aforementioned documents and objects, if any, that may be in the Executive's possession to the Company upon termination of the Executive's employment, or at any other time at the Company's request.

(c) In any action to enforce or challenge these Confidential Information provisions, the prevailing party is entitled to recover its attorney's fees and costs.

5. COVENANT NOT-TO-COMPETE AND NO SOLICITATION.

Executive recognizes that the Company is in the business of employing individuals to provide specialized and technical services to the Company's Clients. The purpose of these Covenant Not-to-Compete and No Solicitation provisions is to protect the relationship which exists between the Company and its Clients while Executive is employed and after Executive leaves the employ of the Company for a period of one year. The consideration for these Covenant Not-to-Compete and No Solicitation provisions is the Executive's employment with the Company.

(a) Executive acknowledges the following:

(1) The Company expended considerable resources in obtaining contracts with its Clients;

(2) The Company expended considerable resources to recruit and hire employees who could perform services for its Clients;

(3) Through his employ with the Company, Executive will develop a substantial relationship with the Company's existing or potential Clients, including, but not limited to, being the sole or primary contact between the Client and the Company;

(4) Executive will be exposed to valuable confidential business information about the Company, its Clients, and the Company's relationship with its Clients;

(5) By providing services on behalf of the Company, Executive will develop and enhance the valuable business relationship between the Company and its Clients;

(6) The relationship between the Company and its Clients depends on the quality and quantity of the services Executive performs;

(7) Through employment with the Company, Executive will increase his opportunity to work directly for the Clients or for a competitor of the Company; and

(8) The Company will suffer irreparable harm if Executive breaches these Covenant Not-to-Compete and No Solicitation provisions of this Agreement.

(b) Executive agrees that:

(1) The relationship between the Company and its Clients (developed and enhanced when the Executive performs services on behalf of the Company) is a legitimate business interest for the Company to protect;

(2) The Company's legitimate business interest is protected by the existence and enforcement of these Covenant Not-to-Compete and No Solicitation provisions;

(3) The business relationship which is created or exists between the Company and its Client, or the goodwill resulting from it, is a business asset of the Company and not the Executive; and

(4) Executive will not seek to take advantage of opportunities which result from his employment with the Company and that entering into the Agreement containing Covenant Not-to-Compete and No Solicitation provisions is reasonable to protect the Company's business relationship with its Clients.

(c) Restrictions on Executive. During the Term of this Agreement and for the greater of one (1) year or such other period during which Executive may receive Liquidated Damages hereunder, after the termination of this Agreement, for whatever reason, whether such termination was by the Company or the Executive, voluntarily or involuntarily, and whether with or without cause, Executive agrees that he shall not, as a principal, employer, stockholder, partner, agent, consultant, independent contractor, employee, or in any other individual or representative capacity:

(1) Directly or indirectly engage in, continue in, or carry on the business of the Company or any business substantially similar thereto, including owning or controlling any financial interest in any corporation, partnership, firm, or other form of business organization which competes with or is engaged in or carries on any aspect of such business or any business substantially similar thereto;

(2) Consult with, advise, or assist in any way, whether or not for consideration of any kind, any corporation, partnership, firm, or other business organization which is now, becomes, or may become a competitor of the Company in any aspect of the Company's business during the Executive's employment with the Company, including, but not limited to, advertising or otherwise endorsing the products of any such competitor or loaning money or rendering any other form of financial assistance to or engaging in any form of transaction whether or not on an arm's length basis with any such competitor;

(3) Provide or attempt to provide or solicit the opportunity to provide or advise others of the opportunity to provide any services of the type Executive performed for the Company or the Company's Clients (regardless of whether and how such services are to be compensated, whether on a salaried, time and materials, contingent compensation, or other basis) to or for the benefit of any Client (i) to which Executive has provided services in any capacity on behalf of the Company, or (ii) to which Executive has been introduced to or about which the Executive has received information through the Company or through any Client from which Executive has performed services in any capacity on behalf of the Company;

(4) Retain or attempt to retain, directly or indirectly, for itself or any other party, the services of any person, including any of the Company's employees, who were providing services to or on behalf of the Company while Executive was employed by the Company and to whom Executive has been introduced or about whom Executive has received information through the Company or through any Client for which Executive has performed services in any capacity on behalf of the Company;

(5) Engage in any practice, the purpose of which is to evade the provisions of this Agreement or to commit any act which is detrimental to the successful continuation of or which adversely affects the business of the Company; provided, however, that the foregoing shall not preclude the Executive's ownership of not more than 2% of the equity securities of a company whose securities are registered under Section 12 of the Securities Exchange Act of 1934, as amended;

(6) For purpose of these Covenant Not-to-Compete and No Solicitation provisions, Client includes any subsidiaries, affiliates, customers, and clients of the Company's Clients. The Executive agrees that the geographic scope of this Covenant Not-to-Compete shall extend to the geographic area where the Company's Clients conduct business at any time during the Term of this Agreement. For purposes of this Agreement, "Clients" means any person or entity to which the Company provides or has provided within a period of one (1) year prior to the Executive's termination of employment, labor, materials or services for the furtherance of such entity's or person's business or any person or entity that within such period of one (1) year the Company has pursued or communicated with for the purpose of obtaining business for the Company. For the purpose of these Covenant Not-to-Compete and No Solicitation provisions, competitors and business organizations which compete with or are engaged in or carry on any aspect of such business or any business substantially similar to that of the Company include, but are not limited to, StarTek, Inc., TeleTech Holdings, Inc., Transcom, and Convergys Corporation, and each of their successors, subsidiaries, or affiliates.

(d) Enforcement. These Covenant Not-to-Compete and No Solicitation provisions shall be construed and enforced under the laws of the State of Florida. In the event of any breach of this Covenant Not-to-Compete, the Executive recognizes that the remedies at law will be inadequate, and that in addition to any relief at law which may be available to the Company for such violation or breach and regardless of any other provision contained in this Agreement, the Company shall be entitled to equitable remedies (including an injunction) and such other relief as a court may grant after considering the intent of this Section 5. It is further acknowledged and agreed that the existence of any claim or cause of action on the part of the Executive against the Company, whether arising from this Agreement or otherwise, shall in no way constitute a defense to the enforcement of this Covenant Not-to-Compete, and the duration of this Covenant Not-to-Compete shall be extended in an amount which equals the time period during which the Executive is or has been in violation of this Covenant Not-to-Compete. In the event a court of competent jurisdiction determines that the provisions of this Covenant Not-to-Compete are excessively broad as to duration, geographic scope, prohibited activities or otherwise, the parties agree that this covenant shall be reduced or curtailed only to the extent necessary to render it enforceable.

(e) In an action to enforce or challenge these Covenant Not-to-Compete and No Solicitation provisions, the prevailing party is entitled to recover its attorney's fees and costs.

(f) By signing this Agreement, the Executive acknowledges that he understands the effects of these Covenant Not-to-Compete and No Solicitation provisions and agrees to abide by them.

6. TERMINATION

(a) Death. The Executive's employment hereunder shall terminate upon his death.

(b) Disability. If during the Term of this Agreement the Executive becomes physically or mentally disabled in accordance with the terms and conditions of any disability insurance policy covering the Executive, or, if due to such physical or mental disability the Executive becomes unable for a period of more than six (6) consecutive months to perform his duties hereunder on substantially a full-time basis as determined by the Company in its sole reasonable discretion, the Company may, at its option, terminate the Executive's employment hereunder upon not less than thirty (30) days' written notice so long as the terms of any disability insurance policy then in effect provide for Executive to receive disability payments from that date forward.

(c) Cause. The Company may terminate the Executive's employment hereunder for Cause effective immediately upon notice. For purposes of this Agreement, the Company shall have "Cause" to terminate the Executive's employment hereunder: (i) if the Executive engages in conduct which has caused or is reasonably likely to cause demonstrable and serious injury to Company; (ii) if the Executive is convicted of a felony as evidenced by a binding and final judgment, order, or decree of a court of competent jurisdiction; (iii) for the Executive's failure or refusal to perform his duties or responsibilities hereunder as determined by

the Company's Chief Executive Officer in good faith, if such failure or refusal continues for a period of ten (10) days after written notice of the same to the Executive; (iv) for gross incompetence; (v) for the Executive's violation of this Agreement, including, without limitation, Section 5 hereof; (vi) for chronic absenteeism; (vii) for use of illegal drugs; (viii) for insobriety by the Executive while performing his duties hereunder; and (ix) for any act of dishonesty or falsification of reports, records, or information submitted by the Executive to the Company.

(d) Termination by the Company Without Cause or Termination by the Executive. The Company may terminate Executive's employment hereunder at any time without Cause by delivering written notice to the Executive. The Executive may terminate his employment hereunder at any time and for any reason by delivering written notice of termination to the Company. However, if the Executive terminates his employment for Good Reason (as defined below), such termination shall be deemed to be a termination by the Company without Cause requiring the payment of Liquidated Damages subject to the terms and conditions of this Agreement. For purposes of this Agreement, the term "Good Reason" shall mean a "Termination Event," which shall be defined as (i) a breach of this Agreement by the Company, (ii) a material adverse change in the Executive's working conditions, duties or status, (iii), a significant geographic relocation of the Executive's Principal Office (for purposes of this section 6(d)(iii), the term "Principle Office" shall be defined as Tampa, Florida, USA), or (iv) a change in reporting such that Executive is required to report to a position other than the CEO. If the Executive desires to terminate his employment for Good Reason, he shall first deliver written notice of termination to the CEO indicating in reasonable detail the facts and circumstances alleged to provide a basis for such termination and shall cease performing the Executive's duties hereunder on the date which is seven (7) days after delivery of the notice, which date also shall be the date of termination of the Executive's employment, unless the facts and circumstances alleged to provide the basis for such termination have, to the extent applicable, been substantially cured by Company by the end of such seven (7) day period.

(e) Payments Upon Termination. In the event of a termination of the Executive's employment pursuant to Section 6 or by the Executive, all payments and Company benefits to the Executive hereunder, except the payments (if any) provided below, shall immediately cease and terminate. In the event of a termination by the Company of the Executive's employment with the Company for any reason other than pursuant to Section 6(a), (b) or (c), the Company shall pay the Executive an amount equal to the Liquidated Damages defined in Section 6(f)(1) below (in lieu of actual damages) for the termination of his employment. In the event Executive terminates his employment for Good Reason pursuant to Section 6(d), the Company shall pay the Executive an amount equal to the Liquidated Damages defined in Section 6(f)(1) below (in lieu of actual damages); provided, however, that if Executive experiences a Termination Event following a Change of Control of the Company (as defined in Section 7 hereof) and within twenty four (24) months following such Change of Control, terminates his employment for "Good Reason," the Company shall pay the Executive an amount equal to the Liquidated Damages defined specifically in Section 6(f)(2) below (in lieu of actual damages). In the event of (I) a termination of the Executive's employment by the Company for any reason other than pursuant to Section 6(a), (b) or (c) or (II) Executive's termination for Good Reason pursuant to Section 6(d), the Covenant Not-to-Compete set forth in Section 5 hereof shall remain in full force and effect and the Executive will be entitled to Liquidated Damages for the period set forth

in Section 6(f) below. If (I) the Company terminates the Executive's employment pursuant to Section 6(a), (b) or (c) or (II) the Executive terminates such employment other than for Good Reason pursuant to Section 6(d), the Executive shall not be entitled to any Liquidated Damages and the Covenant Not-to-Compete set forth in Section 5 hereof shall remain in full force and effect as set forth in Section 6(f) below. Notwithstanding anything to the contrary herein contained, and in addition to any other compensation to which the Executive may be entitled to receive pursuant to this Agreement, the Executive shall receive all compensation and other benefits to which he or she was entitled under this Agreement or otherwise as an executive of the Company through the termination date, payable to Executive in accordance with this Agreement or the applicable plan.

(f) Liquidated Damages and Non-Competition/Solicitation .

(1) Fifty Two Week Liquidated Damages Amount . Except as provided in below, the Liquidated Damages ("Liquidated Damages") amount, if due as provided above, shall be equal to (i) the weekly amount stated as Base Salary then in effect but not less than the weekly Base Salary amount set forth on Exhibit "A", multiplied by fifty two (52) weeks, plus (ii) an amount equal to the maximum annual performance bonus the Executive could earn as set forth on Exhibit "A" for the year that includes the termination date, determined under the performance based bonus plan in which the Executive is then participating.

(2) One Hundred Four Week Liquidated Damages Amount . In the event of a Change of Control (as defined in Section 7 hereof) followed by a Termination Event, Liquidated Damages shall be equal to (x) the weekly amount stated as Base Salary then in effect but not less than the weekly Base Salary amount set forth on Exhibit "A", multiplied by one hundred four (104) weeks, plus (y) an amount determined by multiplying the maximum annual performance bonus the Executive could earn as set forth on Exhibit "A" for the year that includes the Change of Control by a factor of two (2), determined under the performance based bonus plan in which the Executive is then participating. Finally, in the event of a Change of Control (as defined in Section 7 hereof) followed by a Termination Event, all vesting periods relating to stock options, stock grants or any other similar type of equity incentive and/or compensation program shall immediately accelerate and be fully vested and exercisable at the option of the Executive upon the event of termination.

(3) Payment Terms. Except as provided below, the amount of Liquidated Damages determined in accordance with Section 6(f)(1) shall be paid biweekly in equal installments over fifty-two (52) weeks, and the amount of Liquidated Damages determined in accordance with Section 6(f)(2) shall be paid biweekly in equal installments over one hundred four (104) weeks. Payment of Liquidated Damages shall commence immediately upon Executive's separation from service.

Notwithstanding the foregoing, if Executive is a Specified Employee (as defined below) on the date of Executive's separation from service (as defined below) (the "Severance Date"), to the extent that Executive is entitled to receive any benefit or payment upon

such separation from service under this Agreement that constitutes deferred compensation within the meaning of Section 409A of the Code before the date that is six (6) months after the Severance Date, such benefits or payments shall not be provided or paid to Executive on the date otherwise required to be provided or paid. Instead, all such amounts shall be accumulated and paid in a single lump sum to Executive on the first business day after the date that is six (6) months after the Severance Date (or, if earlier, within fifteen (15) days following Executive's date of death). If Executive is required to pay for a benefit that is otherwise required to be provided by the Company under this Agreement by reason of this paragraph, Executive shall be entitled to reimbursement for such payments on the first business day after the date that is six (6) months after the Severance Date (or, if earlier, within fifteen (15) days following Executive's date of death). All benefits or payments otherwise required to be provided or paid on or after the date that is six (6) months after the Severance Date shall not be affected by this paragraph and shall be provided or paid in accordance with the payment schedule applicable to such benefit or payment under this Agreement. It is intended that each installment under this Agreement be regarded as a separate "payment" for purposes of Section 409A of the Code. This paragraph is intended to comply with the requirements of Section 409A(a)(2)(B)(i) of the Code.

In the event that any of the payments herein that relate to a Change of Control implicate Internal Revenue Code Sections 280G and 4999, then the executive shall be entitled to a reduced payment that would avoid imposition of any loss of tax deduction to the employer under Section 280G and the imposition of excise tax on the Executive under Section 4999.

(4) The provisions of Section 5 (the "Non-Competition/Solicitation Provisions") shall survive the early termination of this Agreement, by either party, and for any reason, for a period of fifty two (52) weeks.

(g) Condition Precedent to Receipt of Liquidated Damages. Executive expressly agrees that in the event of a termination of this Agreement, Executive will execute an agreement containing the waiver and release provisions set forth on Exhibit "B." Executive agrees and acknowledges that the execution of such an agreement upon termination of employment is a condition precedent to the obligation of the Company to pay any Liquidated Damages hereunder. If the Executive has not executed such an agreement with all periods for revocation thereof expired as of the date that is ninety (90) days after the date of employment termination ("Required Release Date"), the Executive shall forfeit the right to receive the Liquidated Damages. To the extent necessary to comply with Section 409A of the Code, if the date of employment termination and the Required Release Date are in two separate taxable years, any payment of Liquidated Damages that constitutes deferred compensation within the meaning of Section 409A of the Code shall be payable on the later of (i) the date such payment is otherwise payable under this Agreement, or (ii) the first business day of such second taxable year. The provisions set forth in Exhibit "B" provide for the release and waiver of important rights and/or claims that Executive might have against the Company at the time of any early termination of this Agreement. Executive hereby represents and warrants that he has read the attached Exhibit "B" and fully and completely understands the provisions thereof.

(h) Section 409A Provisions .

(1) Separation from Service . To the extent necessary to comply with Section 409A of the Code, references to "termination of employment," "separation from service" or variations thereof in this Agreement shall mean the Executive's "separation from service" from his employer within the meaning of Section 409A(a)(2)(A)(i) of the Code and the default rules of Treasury Regulations Section 1.409A-1 (h). For this purpose, Executive's "employer" is the Company and every entity or other person which collectively with the Company constitutes a single service recipient (as that term is defined in Treasury Regulations Sections 1.409A-1(g)) as the result of the application of the rules of Treasury Regulations Sections 1.409A-1(h)(3).

(2) Specified Employee . For purposes of this Agreement, "Specified Employee" means a "specified employee" of the service recipient that includes the Company (as determined under Treasury Regulations Sections 1.409A-1(g)) within the meaning of Section 409A(a)(2)(B)(i) of the Code and Treasury Regulations Section 1.409A-1(i), as determined in accordance with the procedures adopted by such service recipient that are then in effect, or, if no such procedures are then in effect, in accordance with the default procedures set forth in Treasury Regulations Section 1.409A-1(i).

7. CHANGE OF CONTROL.

For purposes of Section 6(d) of this Agreement, a Change of Control shall be deemed to have occurred if the event set forth in any one of the following paragraphs shall have occurred:

(i) the consummation of a plan of reorganization, merger, share exchange or consolidation of the Company with one or more other corporations or other entities as a result of which the holders of the capital stock of the Company, as a group, would receive less than fifty percent (50%) of the voting power of the capital stock or other interests of the surviving or resulting corporation or entity; or

(ii) the consummation of a plan of liquidation or the dissolution of the Company; or

(iii) the sale or transfer (other than as a security for obligations of the Company or any Subsidiary) of substantially all of the assets of the Company, other than a sale or transfer to an entity at least seventy-five percent (75%) of the combined voting power of the voting securities of which are owned by persons in substantially the same proportions as their ownership of the Company immediately prior to such sale; or

(iv) the acquisition of more than fifty percent (50%) of the outstanding capital stock of the Company by any person within the meaning of Rule 13(d)(3) under the Exchange Act, if such acquisition is not preceded by a prior expression of approval by the Board, provided that the term "person" shall not include (A) the Company or any of its Subsidiaries, (B) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a Subsidiary, (C) an underwriter temporarily holding securities pursuant to an offering of such securities, or (D) a corporation owned directly or indirectly by the shareholders of the Company in substantially the same proportions as their ownership of stock in the Company.

8 . NOTICE.

For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when hand-delivered, sent by facsimile transmission, or other electronic means of transmitting written documents (as long as receipt is acknowledged) or mailed by United States certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive, to the address set forth on the signature page.

If to the Company: Sykes Enterprises, Incorporated
400 North Ashley Drive, Suite 2800
Tampa, Florida 33602
Attention: EVP of Human Resources

with a copy to:

Sykes Enterprises, Incorporated
400 North Ashley Drive, Suite 2800
Tampa, Florida 33602
Attention: General Counsel

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that a notice of change of address shall be effective only upon receipt.

9. ENFORCEMENT AND GOVERNING LAW.

It is stipulated that a breach by Executive of the restrictive covenants set forth in Sections 4 and 5 of this Agreement will cause irreparable damage to Company or its Clients, and that in the event of any breach of those provisions, Company is entitled to injunctive relief restraining Executive from violating or continuing a violation of the restrictive covenants as well as other remedies it may have. Additionally, such covenants shall be enforceable against the Executive's heirs, executors, administrators and legal representatives, and enforceable by Company's successors or assigns.

The validity, interpretation, construction, and performance of this Agreement shall be governed by the internal laws of the State of Florida. Any litigation to enforce this Agreement shall be brought in the state or federal courts of Hillsborough County, Florida, which is the principal place of business for Company and which is considered to be the place where this Agreement is made. Both parties hereby consent to such courts' exercise of personal jurisdiction over them.

10. ARBITRATION OF DISPUTES.

(a) Duty to Arbitrate. Except for any claim by the Company to enforce the restrictive covenants set forth in Sections 4 and 5 above, Company and Executive agree to resolve by binding arbitration any claim or controversy arising out of or related to Executive's employment by Company or this Agreement, to include all matters directly or indirectly related to Executive's recruitment, employment or termination of employment by the Company including, but not limited to claims involving laws against discrimination whether brought under federal and/or state law, and/or claims involving co-employees but excluding workers compensation claims, whether such claim is based in contract, tort, statute, or any other legal theory, including any claim for damages, equitable relief, or both. The duty to arbitrate under this Section extends to any claim by or against any officer, director, shareholder, employee, agent, representative, parent, subsidiary, affiliate, heir, trustee, legal representative, successor, or assign of either party making or defending any claim that would otherwise be arbitrable under this Section. However, this Section shall not be interpreted to preclude either party from petitioning a court of competent jurisdiction for temporary injunctive relief, solely to preserve the status quo pending arbitration of the claim or controversy, upon a proper showing of the need for such relief.

(b) The Arbitrator. A single arbitrator will conduct the arbitration in Tampa, Florida, U.S.A., in accordance with the Commercial Arbitration Rules of the American Arbitration Association (the "Rules"), and judgment upon the written award rendered by the arbitrator may be entered in any court of competent jurisdiction. Notwithstanding the application of the Rules, however, discovery in the arbitration, including interrogatories, requests for production, requests for admission, and depositions, will be fully available and governed by the Federal Rules of Civil Procedure and Local Rules of the United States District Court for the Middle District of Florida. The parties may agree upon a person to act as sole arbitrator within thirty (30) days after submission of any claim or controversy to arbitration pursuant to this Section. If the parties are unable to agree upon such a person within such time period, an arbitrator shall be selected in accordance with the Rules. The parties will pay their own respective attorneys' fees, witness fees, and other costs and expenses incurred in any investigations, arbitrations, trials, bankruptcies, and appeals; provided, however, that the Company will pay the filing fees, hearing fees, and processing fees associated with arbitration hereunder. The arbitrator will not have the power to award punitive or exemplary damages.

(c) Limitations Period. The parties agree that any claim or controversy that would be arbitrable under this Section must be submitted to arbitration within one (1) year after the claim or controversy arises and that a failure to institute arbitration proceedings within such

time period shall constitute an absolute bar to the institution of any proceedings, in arbitration or in any court, and a waiver of all such claims. This Section will survive the expiration or early termination of this Agreement.

(d) Governing Law. This Agreement shall be governed in its construction, interpretation, and performance by the laws of the State of Florida, without reference to law pertaining to conflict of laws. However, the Federal Arbitration Act, as amended, will govern the interpretation and enforcement of this Section.

(e) Severability. Each part of this Section is severable. A holding that any part of this Section is unenforceable will not affect the duty to arbitrate under this Section.

11. MISCELLANEOUS.

No provision of this Agreement may be modified or waived unless such waiver or modification is agreed to in writing signed by the parties hereto; provided, however, that the terms of the performance bonus and fringe benefits set forth on Exhibit "A" may be amended by the Company in its discretion without the Executive's consent to the extent provided therein. No waiver by any party hereto of any breach by any other party hereto shall be deemed a waiver of any similar or dissimilar term or condition at the same or at any prior or subsequent time. This Agreement is the entire agreement between the parties hereto with respect to the Executive's employment by the Company and there are no agreements or representations, oral or otherwise, expressed or implied, with respect to or related to the employment of the Executive which are not set forth in this Agreement. Any prior agreement relating to the Executive's employment with the Company (including the Prior Agreement)) is hereby superseded and void, and is no longer in effect. This Agreement shall be binding upon and inure to the benefit of the Company, its respective successors and assigns, and the Executive and his heirs, executors, administrators and legal representatives. Except as expressly set forth herein, no party shall assign any of his or its rights under this Agreement without the prior written consent of the other party and any attempted assignment without such prior written consent shall be null and void and without legal effect; provided, however, that Company may assign this Agreement to any party that acquires all or substantially all of Company's assets or business, without Executive's consent. The parties agree that if any provision of this Agreement shall under any circumstances be deemed invalid or inoperative, the Agreement shall be construed with the invalid or inoperative provision deleted and the rights and obligations of the parties shall be construed and enforced accordingly. In the event that any provision of this Agreement is determined to be in contravention of state or federal laws or regulations, the parties shall negotiate an amendment to this Agreement in order to resolve the issue. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute but one and the same instrument. This Agreement has been negotiated and no party shall be considered as being responsible for such drafting for the purpose of applying any rule construing ambiguities against the drafter or otherwise.

12. ADDITIONAL TAX PROVISIONS.

(a) To the extent this Agreement provides for reimbursements of expenses incurred by Executive or in-kind benefits the provision of which are not exempt from the requirements of Section 409A of the Code, the following terms apply with respect to such reimbursements or benefits: (1) the reimbursement of expenses or provision of in-kind benefits will be made or provided only during the term of employment hereunder, or other period of time specifically provided herein; (2) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year will not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (3) all reimbursements will be made upon Executive's request in accordance with the Company's normal policies but no later than the last day of the calendar year immediately following the calendar year in which the expense was incurred; and (4) the right to reimbursement or the in-kind benefit will not be subject to liquidation or exchange for another benefit.

(b) The parties intend for this Agreement to conform in all respects to the requirements under Section 409A of the Code or an exemption thereto. Accordingly, the parties intend for this Agreement to be interpreted, construed, administered and applied in a manner as shall meet and comply with the requirements of Section 409A of the Code or an exemption thereto. Notwithstanding any other provision of this Agreement, none of the Company, its subsidiaries or affiliates or any individual acting as a director, officer, employee, agent or other representative of the Company or a subsidiary or affiliate shall be liable to Executive or any other person for any claim, loss, liability or expense arising out of any interest, penalties or additional taxes due by Executive or any other person as a result of this Agreement or the administration thereof not satisfying any of the requirements of Section 409A of the Code. Executive represents and warrants that Executive has reviewed or will review with his own tax advisors the federal, state, local and employment tax consequences of entering into this Agreement, including, without limitation, under Section 409A of the Code, and, with respect to such matters, Executive relies solely on such advisors.

13. PRIOR INVENTIONS.

For purposes of this Agreement, Inventions refers to trade secrets, inventions, mask works, ideas, processes, formulas, source and object codes, data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs and techniques. Inventions, if any, patented or unpatented, that Executive made prior to the commencement of Executive's employment with the Company are excluded from the scope of this Agreement. To preclude any possible uncertainty, Executive has set forth on Exhibit C attached hereto a complete list of all Inventions that Executive has, alone or jointly with others, conceived, developed, or reduced to practice or caused to be conceived, developed, or reduced to practice prior to the commencement of Executive's employment with the Company, that Executive considers to be Executive's property or the property of third parties and that Executive wishes to have excluded from the scope of this Agreement (collectively referred to as " **Prior Inventions** "). If disclosure of any such Prior Inventions would cause Executive to violate any prior confidentiality agreement, Executive understands that Executive is not to list such Prior Inventions in Exhibit C but is only to disclose a cursory name for each such invention, a listing of the party or parties to whom it

belongs and the fact that full disclosure as to such inventions has not been made for that reason. If no such disclosure is attached, Executive represents that there are no Prior Inventions. If, in the course of Executive's employment with the Company, Executive incorporates a Prior Invention into a Company product, process, or machine, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide license (with rights to sublicense through multiple tiers of sublicensees) to make, have made, modify, use, and sell such Prior Invention. Notwithstanding the foregoing, Executive agrees that Executive will not incorporate, or permit to be incorporated, Prior Inventions in any Company Inventions without the Company's prior written consent.

14. ASSIGNMENT OF INVENTIONS; NONASSIGNABLE INVENTIONS.

Executive hereby assigns and agrees to assign in the future (when any such Inventions or "Proprietary Rights," defined as trade secret, patent, copyright, mask work, and other intellectual property rights throughout the world, are first reduced to practice or first fixed in a tangible medium, as applicable) to the Company all Executive's right, title, and interest in and to any and all Inventions (and all Proprietary Rights with respect thereto) whether or not patentable or registrable under copyright or similar statutes, made or conceived or reduced to practice or learned by Executive, either alone or jointly with others, during the period of Executive's employment with the Company. Inventions assigned to the Company, or to a third party as directed by the Company pursuant to this Section 14, are hereinafter referred to as "Company Inventions." In the event of a specifically applicable state law, regulation, rule, or public policy ("Specific Inventions Law"), this Agreement will not be deemed to require assignment of any invention which qualifies fully for protection under a Specific Inventions Law by virtue of the fact that any such invention was, for example, developed entirely on Executive's own time without using the Company's equipment, supplies, facilities, or trade secrets and neither related to the Company's actual or anticipated business, research, or development, nor resulted from work performed by Executive for the Company.

15. OBLIGATION TO KEEP COMPANY INFORMED

Executive will promptly disclose to the Company (a) fully and in writing all Inventions authored, conceived, or reduced to practice by Executive, either alone or jointly with others, during the period of Executive's employment and for six (6) months after the last day of Executive's employment with the Company, and (b) all patent applications filed by Executive or on Executive's behalf within one (1) year after termination of Executive's employment. At the time of each such disclosure, Executive will advise the Company in writing of any Inventions that Executive believes fully qualify for protection under the provisions of a Specific Inventions Law; Executive will at that time provide to the Company in writing all evidence necessary to substantiate that belief. The Company will keep in confidence and will not use for any purpose or disclose to third parties without Executive's consent any confidential information disclosed in writing to the Company pursuant to this Agreement relating to Inventions that qualify fully for protection under a Specific Inventions Law. Executive will preserve the confidentiality of any Invention that does not fully qualify for protection under a Specific Inventions Law.

16. GOVERNMENT OR THIRD PARTY.

Executive also agrees to assign all Executive's right, title, and interest in and to any particular Invention to a third party, including without limitation the United States, as directed by the Company.

17. WORKS FOR HIRE.

Executive acknowledges that all original works of authorship which are made by Executive (solely or jointly with others) within the scope of Executive's employment and which are protectable by copyright are "works made for hire," pursuant to United States copyright Act (17 U.S.C. § 101).

18. ENFORCEMENT OF PROPRIETARY RIGHTS.

Executive will assist the Company in every proper way to obtain, and from time to time enforce, United States and foreign Proprietary Rights relating to Company Inventions in any and all countries. To that end Executive will execute, verify, and deliver (a) such documents and perform such other acts (including appearances as a witness) as the Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining, and enforcing such Proprietary Rights and the assignment thereof and (b) assignments of such Proprietary Rights to the Company or its designee. Executive's obligation to assist the Company with respect to Proprietary Rights relating to such Company Inventions in any and all countries shall continue beyond the termination of Executive's employment, but the Company shall compensate Executive at a reasonable rate after Executive's termination for the time actually spent by Executive at the Company's request on such assistance. In the event the Company is unable for any reason, after reasonable effort, to secure Executive's signature on any document needed in connection with the actions specified in the this section, Executive hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Executive's agent and attorney in fact, which appointment is coupled with an interest to act for and in Executive's behalf to execute, verify, and file any such documents and to do all other lawfully permitted acts to further the purposes of this section with the same legal force and effect as if executed by Executive. Executive hereby waives and quit claims to the Company any and all claims, of any nature whatsoever, which Executive now or may hereafter have for infringement of any Proprietary Rights assigned hereunder to the Company.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

SYKES ENTERPRISES, INCORPORATED

By: /s/ James T. Holder
Name: James T. Holder
Title: Exec. Vice Pres.

EXECUTIVE

/s/ Andrew Blanchard
Andrew Blanchard

Address:

EXHIBIT "A" TO EMPLOYMENT AGREEMENT

TITLE:	Executive Vice President Financial Services, Healthcare and Retail
REPORTING TO:	Chief Executive Officer
BASE SALARY:	$7,451.92 per week payable biweekly.
PERFORMANCE BONUS:	As set forth in the Agreement
FRINGE BENEFITS:	Eligible for standard executive benefits

THE COMPANY RESERVES THE RIGHT, AT ITS DISCRETION, AT SUCH TIME OR TIMES AS IT ELECTS, TO CHANGE OR ELIMINATE THE PERFORMANCE BONUS, INCENTIVES, OR OTHER BENEFITS.

IN WITNESS WHEREOF, the parties have executed this Exhibit "A" as of the 29th day of October, 2014.

SYKES ENTERPRISES, INCORPORATED

By: /s/ James T. Holder
Name: James T. Holder
Title: Exec. Vice Pres.

EXECUTIVE

/s/ Andrew Blanchard
Andrew Blanchard

EXHIBIT "B" TO EMPLOYMENT AGREEMENT
[NOT TO BE SIGNED AT EXECUTION OF EMPLOYMENT CONTRACT]

Waiver and Release

In consideration for the "Liquidated Damages" provided for in the employment agreement between Sykes Enterprises, Incorporated and Executive, and other good and valuable consideration, Executive agrees as follows:

a. Executive agrees to release and forever discharge by this Agreement the Employer from all liabilities, causes of action, charges, complaints, suits, claims, obligations, costs, losses, damages, injuries, rights, judgments, attorneys' fees, expenses, bonds, bills, penalties, fines, and all other legal responsibilities of any form whatsoever whether known or unknown, whether suspected or unsuspected, whether fixed or contingent, whether in law or in equity, including but not limited to those arising from any acts or omissions occurring prior to the effective date of this Agreement, including those arising by reason of any and all matters from the beginning of time to the present, arising out of his past employment with, compensation during, and separation from Employer. Executive specifically releases claims under all applicable state and federal laws, including but not limited to, Title VII of the Civil Rights Act of 1964 as amended, the Civil Rights Act of 1991, Section 1981 of the Civil Rights Act of 1866, as amended, the Fair Labor Standards Act, the Rehabilitation Act of 1973, the Family Medical Leave Act, the Executive Retirement Income Security Act, the Consolidated Omnibus Reconciliation Act of 1986, the Americans with Disabilities Act, the Florida Civil Rights Act of 1992, the Workers' Compensation Act, the Equal Pay Act, the Age Discrimination in Employment Act of 1967 (Title 29, United States Code, Section 621, et seq.) ("ADEA"), State of Florida employment laws, as well as all common law claims, whether arising in tort or contract.

b. In addition to the other provisions in this Agreement, Executive acknowledges that the information in the following paragraphs is included for the express purpose of complying with the Older Workers' Benefits Protection Act, 29 U.S.C. §626(f):

I, Andrew Blanchard, was over 40 years of age when I separated my employment and when I signed this Agreement. I realize there are many laws and regulations prohibiting employment discrimination or otherwise regulating employment or claims related to employment pursuant to which I may have rights or claims, including the Age Discrimination in Employment Act of 1967, as amended (the "ADEA"). I hereby waive and release any rights or claims I may have under the ADEA.

By signing this Agreement, I state that I am receiving compensation and separation benefits to which I was not otherwise entitled. I am waiving and releasing all claims against Employer that I may have based on my age. I am not waiving any claim or action under the ADEA based upon rights or claims that may arise after the date I sign this Agreement.

I am being given additional compensation and benefits as contained in Section 1 hereof in exchange for the release and waiver of all claims that I am agreeing to herein.

The additional compensation and benefits are in addition to anything of value to which I am already entitled.

I was informed in writing that I could consult with an attorney before signing this Agreement. I acknowledge that I was given the opportunity to consider this Agreement for twenty-one (21) days before signing it, and, if I sign it, to revoke it for a period of seven (7) days thereafter. Regardless of when I signed this Agreement, I acknowledge that my seven-day period will not be waived. No payments will be made to me until after the seven-day revocation period expires.

c. Executive shall not disclose, either directly or indirectly, any information whatsoever regarding any of the terms or the existence of this Agreement or of any other claim Executive may have against the Employer, to any person or organization, including but not limited to members of the press and media, present and former employees of the Employer, companies who do business with the Employer, or other members of the public. The only exceptions to Executive's promise of confidentiality herein are that Executive may reveal such terms of this Agreement as are necessary to comply with a request made by the Internal Revenue Service, as otherwise compelled by a court or agency of competent jurisdiction, as allowed and/or required by law, or as necessary to comply with requests from Executive's accountants or attorneys for legitimate business purposes.

d. Executive shall refrain from suggesting to anyone that any written or oral statements be made which Executive knows or reasonably should know to be disparaging or negative concerning the Employer, or from urging or influencing any person to make any such statement. This provision shall include, but not be limited to, the requirement that Executive refrain from expressing any disparaging or negative opinions concerning the Employer, Executive's separation from the Employer, any of the Employer's officers, directors, or employees, or any other matters relative to the Employer's reputation as an employer. Executive's promises in this subsection, however, shall not apply to any judicial or administrative proceeding in which Executive is a party or has been subpoenaed to testify under oath by a government agency or by any third party.

e. Beginning on the date of this Agreement and continuing at all times hereafter, Executive and Employer shall, without any additional compensation except as provided herein, provide each other with full cooperation and reasonable assistance in connection with Employer's defense of (i) any litigation against Employer, its officers, its subsidiaries, or its affiliates pending as of the date hereof or (ii) any other litigation against Employer, its officers, its subsidiaries, or its affiliates arising out of or relating to any circumstance, fact, event, or omission alleged to occur while Executive was employed by Employer. Executive shall at all times promptly be reimbursed by Employer for any and all out-of-pocket expenses, including travel expenses, that may be incurred by Executive in providing such cooperation and assistance, and to the extent that Executive provides any such assistance or cooperation, the Executive also shall be compensated for his time in providing such cooperation and assistance at a rate equivalent to a per diem based upon his base salary as in effect under the Employment Agreement as of the date hereof. Such cooperation and assistance shall include, but not be limited to, access for research, being available for consultation, for deposition and trial

testimony, and for availability and execution of discovery-related documents such as interrogatories, affidavits, requests for production, requests for admissions, and responses to each, as deemed necessary. Executive and Employer further agree to provide their good will and good faith in providing honest and forthright cooperation in all other aspects of their defense of any such litigation.

Effective Date. This Agreement may be revoked by the Executive for a period of seven (7) days following the execution of the Agreement, and the Agreement shall not become effective or enforceable until the revocation period has expired.

IN WITNESS WHEREOF, and intending to be legally bound, the Employer by its authorized representative, and Executive, execute this Employment Separation Agreement, Waiver and Release, by signing below voluntarily and with full knowledge of the significance of all its provisions.

PLEASE READ CAREFULLY. THIS EMPLOYMENT SEPARATION AGREEMENT, WAIVER AND RELEASE INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.

[NOT TO BE SIGNED AT EXECUTION OF EMPLOYMENT CONTRACT]

SYKES ENTERPRISES, INCORPORATED	EXECUTIVE
By: /s/ James T. Holder	/s/ Andrew Blanchard
Name: James T. Holder	Andrew Blanchard
Title: Exec. Vice Pres.	

EXHIBIT "C" TO EMPLOYMENT AGREEMENT

Previous Inventions

1. Except as listed in Section 2 below, the following is a complete list of all inventions or improvements relevant to the subject matter of my employment by Sykes Enterprises, Incorporated that have been made to conceived or first reduced to practice by me along or jointly with others prior to my engagement by those entities:

☐ No inventions or improvements

☐ See below:

_____

_____

_____

☐ Additional sheets attached

2. Due to a prior confidentiality agreement, I cannot complete the disclosure under Section 1 above with respect to inventions or improvements generally listed below, the proprietary rights and duty of confidentiality with respect to which I owe to the following party(ies):

	Invention or Improvement	Party(ies)	Relationship
1.			
2.			
3.			

☐ Additional sheets attached

SYKES ENTERPRISES, INCORPORATED

By: /s/ James T. Holder
Name: James T. Holder
Title: Exec. Vice Pres.

EXECUTIVE

/s/ Andrew Blanchard
Andrew Blanchard

_____
Initial

EXHIBIT 21.1

SYKES ENTERPRISES, INCORPORATED
LIST OF SUBSIDIARIES

As of February 19, 2015, the Registrant directly or indirectly owned the following subsidiaries. Certain subsidiaries, which in the aggregate do not constitute significant subsidiaries, may be omitted.

Subsidiary	State or Jurisdiction of Organization
Sykes Australia Pty. Ltd.	Australia
Sykes Financial Services Pty. Ltd.	Australia
Sykes do Brasil Servicos de Teleatendlmento Para Clientes	Brazil
Sykes Assistance Services Corporation	Canada
ICT Canada Marketing, Inc.	Canada
Alpine Access Canada, Inc	Canada
Sykes Colombia S.A.S.	Colombia
Alpine Access, Inc.	Delaware
Sykes Latin America, S.A.	Costa Rica
ICT Enterprises, Inc.	Delaware
ICT Accounts Receivable Management, Inc.	Delaware
Sykes Enterprises Denmark ApS	Denmark
Sykes El Salvador, Ltda	El Salvador
Sykes Egypt LLC	Egypt
Sykes Finland Oyin	Finland
Sykes Realty, Inc.	Florida
Sykes Telehealth Services, Inc.	Florida
SEI Consulting Services, Inc.	Florida
SEI Employment Services, Inc.	Florida
Sykes Enterprises Bochum GmbH & Co. KG	Germany
Sykes Enterprises GmbH	Germany
Sykes Enterprises Berlin GmbH & Co. KG	Germany
Sykes Enterprises Support Services B.V. & Co. KG	Germany
Sykes Enterprises Management GmbH	Germany
Sykes Enterprises Verwaltungs and Management GmbH	Germany
Sykes Central Europe Kft	Hungary
Sykes Enterprises (India) Pvt Ltd	India
Sykes Business Services of India Private Limited	India
Eurotel Marketing Limited	Ireland
Sykes Enterprises Italy S.r.L	Italy
SEI International Services S.a.r.l.	Luxembourg
SEI Offshore Holdings Operations S.a.r.l.	Luxembourg
Sykes India Holdings Corporation	Mauritius
ICT Marketing Services of Mexico, S. de R.L. de C.V.	Mexico

Subsidiary	State or Jurisdiction of Organization
Sykes Enterprises Norway AS	Norway
Sykes Enterprises Eastern Europe S.R.L.	Romania
LINK Network Limited	Scotland
Sykes Global Services Limited	Scotland
Sykes Slovakia Sro	Slovakia
Sykes Sweden AB	Sweden
McQueen International B.V.	Netherlands
Sykes Enterprises Incorporated BV	Netherlands
Sykes Enterprises Incorporated Holdings B.V.	Netherlands
Sykes International Holdings BV	Netherlands
Sykes Netherlands Group B.V.	Netherlands
Shanghai Pintian Information Technology Service Co., Ltd.	People’s Republic of China
Guangzhou Pin Duo Information Technology Service Co. Ltd.	People’s Republic of China
Sykes (Shanghai) Co. Ltd	People’s Republic of China
Sykes Information Technology Services (Shanghai) Co. Ltd.	People’s Republic of China
Suzhou Pin Zhuo Information Technology Service Co. Ltd.	People’s Republic of China
Sykes Asia Inc.	The Philippines

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-23681, 333-76629, 333-88359, 333-73260, 333-125178 and 333-178670 on Forms S-8 of our reports dated February 19, 2015, relating to the consolidated financial statements and financial statement schedule of Sykes Enterprises, Incorporated, and the effectiveness of Sykes Enterprises, Incorporated's internal control over financial reporting, appearing in the Annual Report on Form 10-K of Sykes Enterprises, Incorporated for the year ended December 31, 2014.

/s/ Deloitte & Touche LLP

Certified Public Accountants
Tampa, Florida

February 19, 2015

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a)

I, Charles E. Sykes, certify that:

1. I have reviewed this annual report on Form 10-K of Sykes Enterprises, Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal quarter (the company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: February 19, 2015

/s/ Charles E. Sykes
Charles E. Sykes, President, Chief Executive Officer and Director

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13a-14(a)

I, John Chapman, certify that:

1. I have reviewed this annual report on Form 10-K of Sykes Enterprises, Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal quarter (the company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: February 19, 2015

/s/ John Chapman
John Chapman, Executive Vice President and
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Annual Report of Sykes Enterprises, Incorporated (the "Company") on Form 10-K for the year ended December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles E. Sykes, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 19, 2015 By: /s/ Charles E. Sykes
Charles E. Sykes
President and Chief Executive

Officer and Director

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Annual Report of Sykes Enterprises, Incorporated (the "Company") on Form 10-K for the year ended December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John Chapman, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 19, 2015 By: /s/ John Chapman
John Chapman
Executive Vice President and

Chief Financial Officer
(Principal Financial and
Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.