SYKES ENTERPRISES INC

FORM 10-K/A
(Amended Annual Report)

Filed 08/14/01 for the Period Ending 12/31/00

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

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Filed 8/14/2001 For Period Ending 12/31/2000

Address	100 NORTH TAMPA ST STE 3900
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CIK	0001010612
Industry	Computer Networks
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

[x] Annual Report Pursuant To Section 13 Or 15(D) Of The
Securities Exchange Act Of 1934

For the fiscal year ended December 31, 2000

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.)
100 N. Tampa Street, Suite 3900, 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: None

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

Title of Each Class
Voting Common Stock $.01 Par Value

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 [x] 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. [ ]

As of March 15, 2001, there were 40,103,221 shares of Common Stock outstanding. The aggregate market value of the voting stock held by non-affiliates of the registrant based on the last sale price reported on the Nasdaq National Market as of March 15, 2001 was $117,025,644.

DOCUMENTS INCORPORATED BY REFERENCE:

Documents	Form 10-K/A Reference
Portions of the Proxy Statement dated March 27, 2001	Part III Items 10-13

EXPLANATORY NOTE

After the Company filed its Annual Report on Form 10-K for the year ended December 31, 2000 with the United States Securities and Exchange Commission ("SEC"), the Company determined that the accounting for the recognition of cash grants received in excess of building costs for the development of new technical and customer support centers required revision, as explained below.

During the fourth quarter of 2000, the Company adopted retroactive to January 1, 2000, Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB 101") which resulted in a cumulative effect of change in accounting principle. The cumulative effect of the change related to prior years resulted in a charge to income of $2.1 million (net of income taxes of $1.3 million), or $0.05 per diluted share, which was deducted from income for the year ended December 31, 2000. In adopting SAB 101, the Company had modified its accounting treatment for the recognition of revenue as it related to, among other things, the accounting for cash grants received in excess of building costs for the development of new technical and customer support centers which represented approximately $1.2 million (net of income taxes of $0.7 million) of the cumulative effect of the $2.1 million change, or $0.03 per diluted share. Prior to the adoption of SAB 101, the Company recognized the excess of cash grants received over the costs of construction of the related facility ("excess cash grants") as a reduction of general and administrative costs commencing on the date the funds were placed in escrow and construction of the facility began. In connection with the adoption of SAB 101, the Company changed its method of accounting for excess cash grants to delay their recognition until the funds were released from escrow and construction of the facility was complete, at which time they were recognized as a reduction of salaries and other direct costs related to training of personnel at the facility involved.

Subsequent to the issuance of its consolidated financial statements for the year ended December 31, 2000, the Company determined that the excess cash grants should not be offset against direct salaries and related costs to the extent training costs were incurred and recognized at the time the funds were released from escrow and construction of the facility was complete. Instead the excess cash grants should have been deferred and recognized as a reduction of depreciation expense over the weighted average useful life of the equipment utilized at the new facility (which generally approximates five years) with the amortization beginning when construction of the facility is complete and the facility is occupied.

Accordingly, the Company reversed the portion of the cumulative effect of change in accounting principle related to the excess cash grants of $1.2 million (net of income taxes of $0.7 million), or $0.03 per diluted share, previously recorded by the Company as of January 1, 2000. As a result, the accompanying consolidated financial statements for the years ended December 31, 2000, 1999 and 1998 have been restated from the amounts previously reported. The impact of the change in accounting for excess cash grants on income before cumulative effect of change in accounting principle for the year ended December 31, 2000 was not material.

EXPLANATORY NOTE (continued)

A summary of the significant effects of the restatement is as follows:

In thousands (except per share data)	Year Ended December 31, 2000		Year Ended December 31, 1999		Year Ended December 31, 1998	
	As Previously Reported	As Restated	As Previously Reported	As Restated	As Previously Reported	As Restated
Condensed Consolidated Statement of Income:						
Revenues	$603,606	$603,606	$572,742	$572,742	$460,102	$460,102
Operating expenses	615,914	615,914	533,473	535,705	427,430	428,688
Income (loss) from operations	(12,308)	(12,308)	39,269	37,037	32,672	31,414
Total other income (expense)	81,205	81,205	(3,517)	(3,517)	(12,270)	(12,270)
Income before provision for income taxes and cumulative effect of change in accounting principle	68,897	68,897	35,752	33,520	20,402	19,144
Provision for income taxes	21,191	21,191	13,850	12,986	17,960	17,488
Income before cumulative effect of change in accounting principle	47,706	47,706	21,902	20,534	2,442	1,656
Cumulative effect of change in accounting principle	(2,068)	(919)	--	--	--	--
Net income	$ 45,638	$ 46,787	$ 21,902	$ 20,534	$ 2,442	$ 1,656
Net income per basic share:						
Income before cumulative effect of change in accounting principle	$ 1.15	$ 1.15	$ 0.52	$ 0.49	$ 0.06	$ 0.04
Cumulative effect of change in accounting principle	(0.05)	(0.02)	(0.00)	(0.00)	(0.00)	(0.00)
Net income per basic share	$ 1.10	$ 1.13	$ 0.52	$ 0.49	$ 0.06	$ 0.04
Net income per diluted share:						
Income before cumulative effect of change in accounting principle	$ 1.15	$ 1.15	$ 0.51	$ 0.48	$ 0.06	$ 0.04
Cumulative effect of change in accounting principle	(0.05)	(0.02)	(0.00)	(0.00)	(0.00)	(0.00)
Net income per diluted share	$ 1.10	$ 1.13	$ 0.51	$ 0.48	$ 0.06	$ 0.04
	As of December 31, 2000		As of December 31, 1999		As of December 31, 1998	
Consolidated Balance Sheet Data:						
Deferred charges and other assets	$ 13,212	$ 13,822	$ 19,770	$ 21,106	$ 10,720	$ 11,192
Total assets	$357,344	$357,954	$419,396	$420,732	$361,798	$362,270
Deferred grants	$ 30,143	$ 31,758	$ 21,199	$ 24,689	$ 15,435	$ 16,693
Retained earnings	$ 91,435	$ 90,430	$ 45,797	$ 43,643	$ 23,895	$ 23,109
Shareholders' equity	$196,897	$195,892	$195,387	$193,233	$159,102	$158,316

This Form 10-K/A includes such restated consolidated financial statements and related notes thereto for the years ended December 31, 2000, 1999 and 1998 and other information related to such restated financial statements, including revisions to Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations. Except for Items 6, 7 and 8 of Part II and Item 14 of Part IV, no other information included in the original report on Form 10-K is amended by this Form 10-K/A.

Sykes Enterprises, Incorporated

Form 10-K/A Annual Report

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PART I

Item 1. BUSINESS

GENERAL

Sykes Enterprises, Incorporated and consolidated subsidiaries ("Sykes" or the "Company") is a global leader in providing customer management solutions and services to technology-enabled companies primarily within the technology, communications and financial services markets. Sykes' Business Solutions group provides consultative professional services in e-commerce and customer relationship management with a focus on business strategy, project management, business process redesign, change management, knowledge management, education, training and web development. Sykes' Business Services group provides customer care outsourcing with emphasis on technical support and customer service. These services are delivered through multiple communications channels encompassing phone, e-mail, web and chat. Sykes also provides distribution and fulfillment services throughout Europe including multi-lingual sales order processing via the Internet and phone, full multi-currency financial management, inventory control and storage, vendor management, product delivery and product returns handling. Sykes has developed an extensive global reach with 42 state-of-the-art technical and customer support centers throughout North America, Europe, Latin America, Asia and Africa.

The Company believes that outsourcing by technology-enabled companies for customer management solutions and services will continue to grow as pressures of the new economy place greater emphasis on customer-facing activities to enhance customer relationships and build brand loyalty. Rapid changes in technology, pricing pressures, growth rates and global competition are making it increasingly difficult for companies to cost-effectively maintain quality, long-term relationships with their customers.

Sykes was founded in 1977 in North Carolina and moved its headquarters to Florida in 1993. In March 1996, Sykes changed its state of incorporation from North Carolina to Florida. Sykes headquarters are located at 100 North Tampa Street, Suite 3900, Tampa, Florida 33602, and its telephone number is (813) 274-1000.

DIVESTITURE ACTIVITY IN 2000

On June 30, 2000, the Company sold 93.5% of its ownership interest in SHPS, Incorporated ("SHPS") for approximately $165.5 million cash. The cash proceeds reflected in the Statement of Cash Flows for 2000, included elsewhere in this Form 10-K/A, is net of approximately $0.7 million used to retire other debt and approximately $5.0 million of cash recorded on SHPS' balance sheet on the date of the sale. The sale of SHPS resulted in a gain for financial reporting purposes of approximately $84.0 million ($59.9 million net of taxes). The 2000 results of operations includes the results of SHPS through June 30, 2000, its disposition date. SHPS generated revenue and income from operations of $35.7 million and $1.7 million, respectively, for the six month period ended June 30, 2000 compared to $73.0 million and $5.9 million for the year ended 1999, exclusive of compensation expense associated with the exercise of options during 2000.

The Company recorded restructuring and other charges during the second and fourth quarters of 2000 totaling $30.5 million. Related to the second quarter restructuring and other charges totaling $9.6 million, the Company consolidated several European and one U.S. distribution and fulfillment center and closed or consolidated six professional services offices. As a result of the second quarter restructuring, the Company reduced the number of employees by 157 during 2000 and expects the remaining lease obligations related to the closed facilities to be completed by June 2001. Included in the second quarter restructuring and other charges is a $3.5 million lease termination payment related to the corporate aircraft.

The Company also announced, after a comprehensive review of operations, its decision to exit certain non-core lower margin businesses to reduce costs, improve operating efficiencies and focus on its core competencies of technical support, customer service and consulting solutions. As a result, the Company recorded $20.9 million in restructuring and other charges during the fourth quarter of 2000 related to the closure of its U.S. fulfillment and distribution operations, the consolidation of its Tampa, Florida technical support center into its Charlotte, North Carolina center and the exit of its worldwide localization operations. In connection with the fourth quarter restructuring, the Company plans to reduce the number of employees by 250. The Company expects to substantially complete the workforce reduction by March 2001 and any remaining lease obligations related to the closed facilities by December 2001. Included in the restructuring and other charges is a $2.4 million severance payment related to the employment contract of the Company's former President.

The Company estimates it may achieve up to approximately $12.0 million in annualized savings related to the closed operations included in the second and fourth quarter restructurings.

INDUSTRY BACKGROUND

In today's digital economy, companies require innovative customer management solutions that allow them to enhance the end user's experience with their products and services, strengthen and enhance company brands, maximize the lifetime value of customers, efficiently and effectively deliver human interaction when customers value it most, and deploy best-in-class Customer Relationship Management (CRM) strategies, processes and technologies.

Technological changes, pricing pressures, fast growth rates and global competition are making it increasingly difficult for companies to cost-effectively maintain in-house the necessary personnel to handle all of their customer management needs. Companies are increasingly turning to outsourcers to perform specialized functions and services in CRM due to the following factors:

- Increasing importance of companies to focus on customer-facing activities;

- Increasing need for companies to focus on core competencies rather than non-revenue producing activities;

- Rapid changes in technology requiring personnel with specialized technical expertise;

- Growing capital requirements for sophisticated technology needed to maintain the necessary infrastructure to provide timely technical and customer support service;

- Increasing need to integrate and continually update complex systems incorporating a variety of hardware and software components spanning a number of technology generations;

- Extensive and ongoing staff training and associated costs required to maintain responsive, up-to-date in-house technical and customer support services; and

- Cost savings from converting fixed employee costs to flexible, variable costs.

STRATEGY

The Company's objective is to continue to grow and expand its global customer base as a leading provider of outsourced customer management solutions and services while focusing on its core competencies of technical support, customer service and consulting capabilities. The Company's principal strategies for its Business Services and Business Solutions groups are as follows:

Continue Growing the Company's Customer Care Outsourcing Encompassing Technical Support and Customer Service. Sykes has grown its Customer Care operations utilizing a strategy of both internal growth and external acquisitions. This plan has resulted in an increase from three technical and customer support centers in 1994 to 42 worldwide as of February 15, 2001, with an additional 2 domestic facilities scheduled to open in 2001. The Company's technical and customer support centers currently have the capacity to handle millions of customer contacts per year depending on the mix of contact media. Sykes has standardized the establishment and ongoing operation of its domestic technical and customer support centers by: (i) locating the centers in smaller communities, near a college or university, with a relatively low cost structure and a technically proficient, stable work force; (ii) constructing the technical and customer support centers modeled after the same prototype; (iii) utilizing standardized procedures to hire and train customer care agents; and (iv) maintaining consistently responsive, high quality services through call monitoring and tracking technology and other quality assurance procedures. The Company's systematic approach and procedures are part of its strategy of providing responsive, high quality and cost efficient support.

Leverage Customer Relationship Management Practice. The Company's expertise in change management, knowledge management, education and training, coupled with Sykes' customer care outsourcing capabilities, enable the Company to deliver broad based customer management solutions on a global basis. Sykes works with large and medium size companies to review, plan and build their CRM strategies by conducting assessments, audits, strategy definitions, process redesigns as well as the selection and implementation of technology.

Expand Vertical Market Reach. The Company markets its services on a worldwide basis primarily to technology-enabled companies within the technology, communications and financial services markets. The Company built its industry knowledge by initially focusing on software publishers, personal computer manufacturers and peripheral hardware manufacturers within the technology market, providing Sykes with a competitive advantage in technical support. In 2000, the Company's growth strategy targeted the communications market, where Sykes has leveraged its technical support capabilities to capitalize on dial-up Internet, broadband Internet and wireless services opportunities. Sykes' established presence in these markets provides tremendous opportunities for outsourced services and growth in new target markets such as financial services.

Establish a Competitive Advantage Through Sophisticated Technology. The Company seeks to establish a competitive advantage by continuing to capitalize on its sophisticated and specialized technological capabilities, including its current private asynchronous transfer mode (ATM) network between North America and Latin America that provides the Company the ability to redirect inquiries and to also carry voice and data over the same network. Sykes flexible and scalable network infrastructure allows the Company to rapidly respond to changes in client voice and data traffic and quickly establish support operations for new and existing clients. Through strategic partnerships, the Company is able to provide fully integrated communication services encompassing e-mail, chat and web, coupled with a self-healing, self-service technical e-support platform. Additional technological capabilities include automatic call distributors, sophisticated call routing and workforce management capabilities, call tracking software, quality management systems and computer-telephony integration (CTI) that enable Sykes' technical and customer support centers to serve as the transparent extension of the Company's clients, receive telephone calls and data directly from our clients' systems, and report detailed information concerning the status and results of the Company's services on a daily basis. The Company's European deployment of Global Direct, Sykes' CRM/e-commerce application, establishes a platform whereby our clients can manage all customer profile and contact information from every communication channel making it a viable customer-facing infrastructure solution to support our clients' CRM initiatives.

Growth Through Selective Acquisitions and Mergers. The Company has completed numerous strategic combinations since its initial public offering in April 1996. The Company believes there are further opportunities to expand the scope and quality of its support services by acquiring or combining with companies with technical and customer support centers in international markets, which provide quality call center activities within the technology, communications, and financial services markets, as well as companies which enhance its ability to provide such services. The Company will evaluate these opportunities to acquire or combine with organizations, which provide these services within the Company's strategic focus of technology, communications and financial services markets. Many of these companies may be attractive acquisition or merger candidates because they would enable Sykes to expand existing service offerings or open new geographic locations.

SERVICES

The Company provides innovative customer management solutions and services. The following is a description of Sykes' outsourcing solutions and services:

Business Services

Customer Care Outsourcing. Sykes provides customer care management solutions that support its clients' customers through the partial or complete outsourcing or in-sourcing of people, processes and technologies. Sykes specializes in providing technical support and customer service through multiple communication channels encompassing phone, e-mail, web and chat through its 18 stand-alone technical and customer support centers in the United States, 3 centers in Canada, 2 centers in Costa Rica, and 19 international technical and customer support centers located in Europe, South Africa, Peoples Republic of China and The Philippines. Client customers contact a Sykes' customer care agent through telephony support, e-mail, web or chat who is specially trained in the applicable product and/or service. The agent acts as a transparent extension of the client in diagnosing problems and providing a solution. The international technical and customer support centers provide global support capabilities in over 18 languages.

Technical support and customer service provided through the Company's support centers are generally billed to the client based on a fee per e-mail or call, rate per minute or time and material basis. As a result of the significant infrastructure costs required for each support center, the Company requires a minimum billing amount to facilitate planning and capital needs.

Distribution and Fulfillment Services. Fully integrated with customer care services, the Company provides Pan-European fulfillment solutions including multi-lingual sales order processing via the Internet and phone, full multi-currency financial management, inventory control and storage, vendor management, product delivery and product returns handling.

Business Solutions

CRM Consulting. The Company's Customer Relationship Management (CRM) practice provides the full range of capabilities required for effectively performing assessments and audits, defining CRM/eCRM strategies, selecting appropriate technologies, defining training and knowledge management methodologies and managing full implementation programs.

Enterprise Support Services. The Company provides a wide range of enterprise support services for a company's internal support operations ranging from training development, knowledge management and technical staffing services, to the partial or complete outsourcing or in-sourcing of a company's internal help desk. Help desk services are provided to major companies, either at their facilities or through Sykes' support centers. Employees of Sykes' clients telephone the help desk number provided to them by their employer for technical assistance. Trained technicians dedicated to a specific client, answer questions and diagnose and resolve technical problems ranging from a simplistic error message to a wide area network failure.

OPERATIONS

CRM Consulting and Enterprise Support Services Offices. Consultative professional personnel from Sykes' CRM Consulting and Enterprise Support Services teams are assigned to one of the Company's 9 offices, which are located in metropolitan areas throughout the United States. The Company's CRM consulting practice provides the full range of capabilities required for effectively performing assessments and audits, defining CRM/eCRM strategies, selecting appropriate technologies, defining training and knowledge management methodologies and managing full implementation programs. In addition, the Company provides a wide range of enterprise support services for a company's internal support operations ranging from training development, knowledge management and technical staffing services, to the partial or complete outsourcing or in-sourcing of a company's internal help desk. These CRM Consulting and Enterprise Support Services offices provide a strong recruiting platform for high-end knowledge workers and establish a local presence to service major accounts. Each office is responsible for staffing the consultative professional personnel needs of clients or managing program implementations within its geographic region. These offices give Sykes the ability to (i) offer a broad range of consultative professional services to existing clients, and (ii) deliver flexible, innovative solutions to new and existing clients in each market. The number of consultative professionals assigned to each office ranges from 40 to 150.

Each office is staffed with one or more account executives whose goal is to become the client's partner in evaluating and meeting their customer care needs. The account executive's primary responsibilities include: client development; understanding and identifying clients' customer management needs; working closely with recruiters to staff assignments appropriately; setting billing rates for each assignment; and monitoring ongoing assignments. Each account executive is responsible for between four and ten active corporate accounts, some of which may involve several projects with multiple operating units of a particular company. The account executive cultivates and maintains relationships with the executive officers and numerous department and project managers within the client's organization.

The account executive has responsibility for staffing an assignment on a timely basis. Upon receiving a new assignment, the account executive prepares a proposal with assignment specifications and distributes the proposal to a recruiter who is familiar with the professionals who have the expertise required for the assignment. The account executive reviews the recruiter's recommended candidates, submits the resumes of qualified employees and other available candidates to the client and schedules client interviews of the candidates. Typically, an assignment is staffed within five working days.

Technical and Customer Support Centers. The Company's strategy in the United States is to locate its technical and customer support centers in smaller communities with similar demographic characteristics, typically near a college or university. The Company believes these characteristics tend to provide a well-educated, technically proficient employee pool from which to attract qualified candidates. These locations also tend to have lower labor and infrastructure costs than large metropolitan areas.

New technical and customer support centers are established to accommodate anticipated growth in the Company's business or in response to a specific customer need. The Company believes there are opportunities to establish additional technical and customer support centers in the United States and Europe and potentially in Asia, the Pacific Rim region and South America.

A typical domestic technical and customer support center is approximately 42,000 square feet, has 432 work stations and can handle in excess of 12,000 user transactions per day. The technical and customer support centers employ current technology in PBX switches, call tracking software, telephone-computer integration, interactive voice response and relational database management systems that are integrated into centrally managed local area networks and wide area networks. The Company's equipment and technology enable it to serve as the transparent extension of its clients at a low cost per transaction and provide its clients with immediate access to the status and results of the Company's services. Due to its modular, open system architecture, the Company's computer system allows timely system updates and modifications.

The Company utilizes call-tracking software and systems to provide efficient scheduling of personnel to accommodate fluctuations in call volume. Automated call distributors and digital switches identify each call by the number dialed and automatically route the call to a customer care agent with the applicable knowledge and training. The customer care calls are routed directly from the end user to the technical and customer support center or are routed from the client's place of business.

Technical and customer support center systems capture and download to permanent databases a variety of information concerning each call for reporting on a daily basis to clients, including number and duration of calls which are important for billing purposes, response time and results of the call. Summary data and complete databases are made available to the client to enable it to monitor the level of service provided by the Company, as well as to determine whether end users of its products are encountering recurring problems that require modification. The databases also provide Sykes' clients with considerable marketing information concerning end users, such as whether the user is a home or business user and regional differences in purchasing patterns or usage. The Company maintains tape backups and offsite storage to assure the integrity of its reporting systems and databases.

The technical and customer support centers are protected by a fire extinguishing system and backup generators and short-term battery backup in the event of a power outage, reduced voltage or a power surge. Rerouting of telephone calls to one of the other technical support centers is also available in the event of a telecommunications failure, natural disaster or other emergency. Security measures are imposed to prevent unauthorized access. Software and related data files are backed up daily and stored off site at multiple locations. The Company carries business interruption insurance covering interruptions that might occur as a result of damage to its business. In addition, the Company believes that it has adequate arrangements with its equipment vendors pursuant to which damaged equipment can be replaced promptly.

Distribution and Fulfillment Centers. Sykes had originally expanded its distribution and fulfillment services through acquisitions, and through its ability to utilize the Internet. During 2000, Sykes consolidated several European distribution and fulfillment centers and announced the closure of its U.S. distribution and fulfillment centers. Sykes currently has 5 distribution and fulfillment centers located in Europe.

QUALITY ASSURANCE

Sykes trains, monitors and supervises its employees to enhance the efficiency and the quality of its services. Representatives of the Company's clients conduct the training of new customer care agents in-house at the technical and customer support centers through certified trainers or Sykes actively recruits highly skilled professionals to staff specific assignment needs of its clients. Generally, employees also receive ongoing training throughout the year to respond to changes in technology.

A support center manager supervises project leaders, team leaders, technicians and customer support representatives dedicated to individual client accounts. Each team leader at the support centers monitors approximately ten customer care agents. A project leader supervises a particular client's account by monitoring calls and reviewing quality standards. Using call tracking software, the project leader monitors the number of calls each technician handles, the duration of each call, time between calls, response time, number of queries resolved after the first call and other statistics important in measuring and enhancing productivity and service levels. Remote and on-site call monitoring systems and on-line performance tracking are used to enhance high quality services. Clients have daily access to a variety of measures of service performance tracked by the Company's technology and can monitor calls directly through the Company's remote call monitoring systems.

The Company emphasizes a team approach in order to provide high quality, customized solutions to meet its clients' customer management needs. The Company's account executives and recruiters who work together to achieve a successful relationship between the client and the Company provide the central role in this team approach. The team shares information on active and prospective clients, reviews the availability of the staff and discusses general market conditions. Such forums enable the teams to remain informed and knowledgeable on the latest technologies and to identify business development opportunities as they emerge.

In November 2000, the Company announced that one of its Bismarck, North Dakota technical and customer support centers received certification for the COPC-2000(R) Standard (Customer Operations Performance Center Inc.) for technical support and help desk services. The COPC-2000(R) Standard was developed in 1996 by representatives from American Express, Dell, L.L. Bean, Microsoft, Motorola, Novell and other customer focused companies that wanted measurable standards to improve the level of service quality their customers received from external customer service providers. The development team used the criteria and framework of the Malcolm Baldrige National Quality Award as the foundation of the standard, and adapted the Baldrige criteria to accommodate the practical realities of the customer support industry. In addition to the Bismarck center, which marks the Company's first step towards global COPC certification, the Company is also in the process of certifying one of its Pan-European, multi-lingual customer support centers as well as several other centers in the United States. The Company is committed to the COPC 2000 standard and anticipates that it will eventually replace the current ISO 9002 standard within the support industry. The Company's commitment to quality has resulted in receiving the STAR Award for the years 1995 through 1999 in the highest call volume category and received a lifetime achievement award during 2000. This award has been presented annually since 1988 by the Software Support Professionals Association (SSPA) to the software support company that achieves superior customer satisfaction and call metrics.

SALES AND MARKETING

The Company's marketing objective is to develop long-term relationships with existing and potential clients to become the preferred vendor for their customer management outsourcing services. Sykes believes that its significant client base provides excellent opportunities for further marketing and cross selling of its broad range of capabilities. The Company markets its services through a variety of methods, including client referrals, personal sales calls, advertising in industry publications, attending trade shows, direct mailings to targeted customers, telemarketing and cross selling additional services to existing clients. The Company currently employs 110 people in its sales force.

As part of its marketing efforts, the Company invites potential and existing customers to visit the technical and customer support centers, where the Company demonstrates its sophisticated telecommunications and call tracking technology, quality procedures and the knowledge of its technicians. The Company also demonstrates its ability to quickly accommodate a new customer or a significant increase in business from an existing customer by emphasizing its systematic approach to establishing and managing support centers.

The Company emphasizes account development to strengthen its relationships with its customers. Sales representatives and account executives are assigned to a limited number of accounts in order to develop a complete understanding of each customer's particular needs, to form strong customer relationships and encourage cross selling of other services offered by the Company. Account executives also receive incentives for cross selling the Company's services.

The Company's sales force is composed of field sales representatives and major account executives that manage relationships with existing accounts. In addition, the Company has inside customer sales representatives who receive customer inquiries and provide outbound lead generation for the field sales force.

CLIENTS

The Company serves clients in the United States, Canada, Latin America, Europe, The Philippines, Peoples Republic of China and South Africa. The Company primarily markets to Fortune 500 corporations within the technology, communications and financial services industries. The Company believes its globally recognized client base presents opportunities for further cross marketing of its services.

No single client accounted for 10% or more of consolidated revenues for the years ended December 31, 2000, 1999, and 1998, respectively. The Company's loss of (or the failure to retain a significant amount of business with) its key clients could have a material adverse effect on the Company. The Company's largest ten clients accounted for approximately 49% of the consolidated revenues in 2000, exclusive of SHPS revenue. Many of the Company's contracts are cancelable by the client at any time or on short-term notice, and clients may unilaterally reduce their use of the Company's services under such contracts without penalty. Sykes provided services to over 1,000 clients during 2000.

COMPETITION

The industry in which the Company competes is extremely competitive and highly fragmented. While many companies provide customer management solutions and services, management believes no one company is dominant. There are numerous and varied providers of such services, including firms specializing in various CRM consulting, support center operations, product distribution, general management consulting firms, major accounting firms, divisions of large hardware and software companies and niche providers of customer management solutions and services, many of whom compete in only certain markets. The Company's competitors include many companies who may possess substantially greater resources, greater name recognition and a more established customer base than the Company. In addition, in-house personnel have provided the services offered by the Company historically.

The Company believes that the most significant competitive factors in the sale of its services include quality, reliability, scalability, flexibility, experience, price and tailored service offerings. As a result of intense competition, customer management solutions and services frequently are subject to pricing pressure. Customers also require vendors to be able to provide services in multiple locations. Competition for contracts for many of Sykes' services takes the form of competitive bidding in response to requests for proposals.

INTELLECTUAL PROPERTY

The Company relies upon a combination of contract provisions and trade secret laws to protect the proprietary technology it uses at its technical and customer support centers and facilities, and relies on a combination of copyright, trademark and trade secret laws to protect its proprietary software. The Company attempts to further protect its trade secrets and other proprietary information through agreements with employees and consultants. The Company does not hold any patents and does not have any patent applications pending. There can be no assurance that the steps taken by the Company to protect its proprietary technology will be adequate to deter misappropriation of its proprietary rights or third party development of similar proprietary software. Sykes(R), SEI(R), REAL PEOPLE. REAL SOLUTIONS.(R) are registered service marks of the Company. Sykes holds a number of registered trademarks, including QAPLUS(R), ETSC(R), FS PRO(R) and FS PRO MARKETPLACE (R), QA+(R) and ANSWEREXPRESS(R).

EMPLOYEES

As of February 15, 2001, the Company had 17,300 employees (full-time and part-time), consisting of 15,200 customer care agents at the technical and customer support centers, 470 in CRM consulting, 320 in distribution and fulfillment services, 110 in sales and marketing and 1,200 in management, administration and finance.

The technical and service nature of the Company's business makes its employees an important corporate asset. While the market for qualified personnel is extremely competitive, the Company believes its relationship with its employees is good. The Company's employees, with the exception of three employees in Scotland, are not represented by any labor union.

The Company recruits its personnel through a continually updated recruiting network. This network includes a seasoned team of technical recruiters, a Company-wide candidate database, internet/newspaper advertising, candidate referral programs and job fairs. However, demand for qualified professionals conversant with certain technologies may outstrip supply, as new skills are needed to keep pace with the requirements of customer engagements. Competition for such personnel is intense and employee turnover in this industry is high.

FACTORS INFLUENCING FUTURE RESULTS AND ACCURACY OF FORWARD-LOOKING STATEMENTS

This report 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 the Company, management's beliefs, and assumptions made by management. In addition, other written or oral statements, which constitute forward-looking statements, may be made from time to time by or on behalf of Sykes. Words such as "may," "expects," "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 the Company's 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 report. The Company's actual results may differ materially from what is expressed or forecasted in such forward-looking statements. The Company undertakes no obligation to update publicly 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 Sykes' terms and elements of services offered under Sykes' standardized contract for future bundled service offerings; Sykes' ability to continue the growth of its support service revenues through additional technical and customer support centers; Sykes' ability to leverage its customer relationship practice; Sykes' ability to further penetrate into vertically integrated markets; Sykes' ability to expand revenues within the global markets; Sykes' ability to continue to establish a competitive advantage through sophisticated technological capabilities, and the following risk factors:

The Company Faces Uncertainties Relating To Pending Litigation

Sykes faces uncertainties relating to the pending litigation described in "Item 3. Legal Proceedings." Although the Company intends to vigorously defend these lawsuits, it cannot predict the outcome or the impact they may have on the Company. Sykes also cannot predict whether any other suits, claims, or investigations may arise in the future based on the same or other claims. Regardless of the outcome of any of these lawsuits or any future lawsuits, claims, or investigations relating to the same or any other subject matter, the Company may incur substantial defense costs and such actions may cause a diversion of management time and attention. Also, it is possible that Sykes may be required to pay substantial damages or settlement costs which could have a material adverse effect on its financial condition or results of operations.

Dependence on Key Clients

Sykes derives a substantial portion of its revenues from a few clients. Sykes' largest ten clients accounted for approximately 49%, 52%, and 44% of its consolidated revenue for the years ended December 31, 2000, 1999, and 1998, respectively, exclusive of SHPS revenue. No single client accounted for 10% or more of consolidated revenues for the years ended December 31, 2000, 1999, and 1998, respectively. Sykes' loss of, or the failure to retain a significant amount of business with, any of its key clients could have a material adverse effect on Sykes' business, financial condition and results of operations. Generally, Sykes' contracts with its clients are cancelable by the client at any time or on short-term notice, and clients may unilaterally reduce their use of Sykes' services under such contracts without penalty. Thus, Sykes' contracts with its clients do not ensure that Sykes will generate a minimum level of revenues.

Inability to Attract and Retain Experienced Personnel May Adversely Impact Sykes' Business

Sykes business is labor intensive and places significant importance on its ability to recruit, train, and retain qualified technical and consultative professional personnel. Sykes generally experiences high turnover of its personnel and is continuously required to recruit and train replacement personnel as a result of a changing and expanding work force. Additionally, demand for qualified consultative professionals conversant with certain technologies is intense and may outstrip supply, as new and additional skills are required to keep pace with evolving computer technology. Sykes' ability to locate and train employees is critical to Sykes' achieving its growth objective. Sykes' 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 Sykes' business, financial condition and results of operations.

The Company Faces Potential Difficulties In Continuing To Expand And Manage Growth

Sykes has grown rapidly. The Company cannot guarantee that it will be able to continue to expand or successfully manage its growth. This growth has placed, and is expected to continue to place, significant demands on Sykes' management. The Company also cannot guarantee that it will achieve levels of revenue and profitability or otherwise perform as expected.

The Company's Strategy of Growing through Selective Acquisitions and Mergers Involves Potential Risks

The Company evaluates opportunities to expand the scope of its services through acquisitions and mergers. The Company may be unable to identify companies that complement its strategy, and even if it identifies a company that complements its strategy, Sykes may be unable to acquire or merge with the company. In addition, the decrease in the price of the Company's common stock could hinder Sykes' growth strategy, including growth through acquisitions.

The Company's acquisition strategy involves other potential risks. These risks include:

- the inability to obtain the capital required to finance potential acquisitions on satisfactory terms; and

- the diversion of management's 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 Sykes has 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 Sykes' operating results;

- lack of success in assimilating or integrating the operations of acquired businesses with those of Sykes;

- the dilutive effect of the issuance of additional equity securities;

- the incurrence of additional debt or issuing additional equity securities as a result of future acquisitions;

- the impairment of goodwill and other intangible assets involved in any acquisitions that are accounted for using the purchase method of accounting;

- the businesses we acquire not proving profitable; and potentially incurring additional indebtedness.

Rapid Technological Change

Rapid technological advances, frequent new product introductions and enhancements, and changes in client requirements characterize the market for information technology services. Sykes' future success will depend in large part on its ability to service new products, platforms, and rapidly changing technology. These factors will require Sykes to provide adequately trained personnel to address the increasingly sophisticated, complex and evolving needs of its clients. In addition, Sykes' ability to capitalize on its acquisitions will depend on its ability to continually enhance software and services and adapt such software to new hardware and operating system requirements. Any failure by Sykes to anticipate or respond rapidly to technological advances, new products and enhancements, or changes in client requirements could have a material adverse effect on Sykes' business, financial condition and results of operations.

Reliance on Technology and Computer Systems

Sykes has invested significantly in sophisticated and specialized communications and computer technology and has focused on the application of this technology to meet its clients' needs. Sykes anticipates that it will be necessary to continue to invest in and develop new and enhanced technology on a timely basis to maintain its competitiveness. Significant capital expenditures may be required to keep Sykes' technology up-to-date. There can be no assurance that any of Sykes' information systems will be adequate to meet its future needs or that Sykes will be able to incorporate new technology to enhance and develop its existing services. Moreover, investments in technology, including future investments in upgrades and enhancements to software, may not necessarily maintain Sykes' competitiveness. Sykes' future success will also depend in part on its ability to anticipate and develop information technology solutions that keep pace with evolving industry standards and changing client demands.

Dependence on Trend Toward Outsourcing

Sykes' business and growth depend in large part on the industry trend toward outsourcing customer management. Outsourcing means that an entity contracts with a third party, such as Sykes, to provide support 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 Sykes' business, financial condition and results of operations. Additionally, there can be no assurance that Sykes' cross-selling efforts will cause its clients to purchase additional services from Sykes or adopt a single-source outsourcing approach.

Risk of Emergency Interruption of Technical and Customer Support Center Operations

Sykes' operations are dependent upon its ability to protect its technical and customer support centers and its information databases against damages that may be caused by fire 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 Sykes' business, financial condition, and results of operations. Notwithstanding precautions taken by the Company to protect itself and its clients from events that could interrupt delivery of its 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 Sykes' ability to provide support services to its clients. Such an event could have a material adverse effect on Sykes' business, financial condition and results of operations.

Risks Associated with International Operations and Expansion

The Company intends to continue to pursue growth opportunities in markets outside the United States. At December 31, 2000, Sykes' international operations were conducted from 19 technical and customer support centers located in Sweden, The Netherlands, France, Germany, South Africa, Scotland, Ireland, Hungary, Turkey, Peoples Republic of China, and The Philippines. Revenues from these operations for the years ended December 31, 2000, 1999, and 1998, were 38%, 36%, and 38%, of consolidated revenues, respectively, exclusive of SHPS revenue. The Company also conducts business in Canada and Costa Rica, which are included in the Americas geographic region. 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 foreign operations, political uncertainties, longer payment cycles, foreign exchange restrictions that could limit the repatriation of earnings, possible greater difficulties in accounts receivable collection, potentially adverse tax consequences, and economic instability.

Sykes conducts business in various foreign currencies and is therefore exposed to market risk from changes in foreign currency exchange rates and interest rates, which could impact its results of operations and financial condition. Sykes is also subject to certain exposures arising from the translation and consolidation of the financial results of its foreign subsidiaries. Sykes has from time to time taken limited actions to attempt to mitigate Sykes' foreign transaction exposure. However, there can be no assurance that the Company will take any actions to mitigate such exposure in the future, and if taken that such actions taken will be successful or that future changes in currency exchange rates will not have a material impact on Sykes' future operating results. A significant change in the value of the dollar against the currency of one or more countries where Sykes operates may materially adversely affect Sykes' results. Sykes has historically not entered into a hedge contract for either its translation risk or its economic risk.

Existence of Substantial Competition

The markets for Sykes' services are highly competitive, subject to rapid change, and highly fragmented. While many companies provide information technology services, Sykes believes no one company is dominant. There are numerous and varied providers of such services, including firms specializing in call center operations, temporary staffing and personnel placement companies, general management consulting firms, divisions of large hardware and software companies and niche providers of information technology services, many of whom compete in only certain markets. Sykes' competitors include many companies who may possess substantially greater resources, greater name recognition and a more established customer base than it does. In contrast to Sykes' competitors, in-house personnel often provide the services offered by Sykes. Increased competition, the failure of Sykes to compete successfully, pricing pressures, loss of market share and loss of clients could have a material adverse effect on Sykes' business, financial condition, and results of operations.

Many of Sykes' large clients purchase customer management solutions and services primarily from a limited number of preferred vendors. Sykes has experienced and continues 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 Sykes believes it can effectively meet its clients' demands, there can be no assurance that it will be able to compete effectively with other information technology services companies. Sykes believes that the most significant competitive factors in the sale of its services include quality, reliability, scalability, flexibility, experience, price and tailored service offerings.

Dependence on Senior Management

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

Control by Principal Shareholder and Anti-Takeover Considerations

As of the date of this report, John H. Sykes, Sykes' Chairman of the Board, President and Chief Executive Officer, beneficially owned more than 43% of Sykes' outstanding common stock. As a result, Mr. Sykes will have substantial influence in the election of the Company's directors and in determining the outcome of other matters requiring shareholder approval.

Sykes' 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 Sykes' Articles of Incorporation and Bylaws, including the ability of the Board of Directors of Sykes 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 the control of Sykes. This may adversely affect the market price of Sykes' common stock or the ability of shareholders to participate in a transaction in which they might otherwise receive a premium for their shares.

Volatility of Stock Price May Result in Loss of Investment

The trading price of Sykes' common stock has been and may continue to be subject to wide fluctuations over short and long periods of time. Sykes believes that market prices of information technology stocks in general have experienced volatility, which could affect the market price of Sykes' common stock regardless of Sykes' financial results or performance. Sykes further believes that various factors such as general economic conditions, changes or volatility in the financial markets, changing market conditions in the information technology industry, quarterly variations in Sykes' 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 Sykes' common stock to fluctuate substantially in the future.

EXECUTIVE OFFICERS OF THE REGISTRANT

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

NAME	AGE	PRINCIPAL POSITION
John H. Sykes	64	Chairman and Chief Executive Officer
James E. Lamar	54	Group Executive and Executive Vice President - Business Services
Mitchell I. Nelson	32	Group Executive and Senior Vice President - Business Solutions
Gerry L. Rogers	55	Group Executive, Senior Vice President and Chief Information Officer
Charles E. Sykes	38	Senior Vice President - Marketing
Jenna R. Nelson	37	Group Executive and Vice President, Human Resources
W. Michael Kipphut	47	Vice President and Chief Financial Officer
James T. Holder	42	General Counsel and Corporate Secretary

John H. Sykes has held the titles and responsibilities of Chairman and Chief Executive Officer of the Company since December 1998. He has been President of the Company from inception in 1977 until December 1998. Previously, Mr. Sykes was Senior Vice President of CDI Corporation, a publicly held technical services firm.

James E. Lamar joined the Company in May 1999 as Vice President and Managing Director of EMEA and was named Group Executive and Executive Vice President - Business Services during July 2000. From March 2000 until July 2000, Mr. Lamar was named Group Executive and Senior Vice President - International. From 1994 to 1999, Mr. Lamar held various management positions with Lucent Technologies, a publicly held telecommunications firm, most recently as Managing Director of Licensing for Europe, the Middle East and Africa.

Mitchell I. Nelson joined the Company in August 1999 and was named Group Executive and Senior Vice President - Business Solutions during July 2000. From January 1999 to July 1999, Mr. Nelson was Vice President of Professional Services Worldwide with IMRglobal, an IT strategy consulting and e-business solutions organization. Mr. Nelson was a partner with EC Werks, an e-business/e-commerce consulting firm, from October 1997 until December 1999 when IMRglobal acquired it. From January 1996 to September 1997, Mr. Nelson held the position of President and Chief Executive Officer for Technology Architects until it was sold to

EC Werks. Previously, Mr. Nelson was General Manager and Director of Professional Services of Waldec Group, a consulting and technology systems integration company.

Gerry L. Rogers joined the Company in February 1999 as Group Vice President, North America and was named Group Executive, Senior Vice President and Chief Information Officer during July 2000. From March 2000 until July 2000, Mr. Rogers was named Group Executive and Senior Vice President - The Americas. From 1968 to 1999, Mr. Rogers held various management positions with AT&T, a publicly held telecommunications firm, most recently as General Manager for the Business Growth Markets.

Charles E. Sykes joined the Company in 1986 and was named Senior Vice President - Marketing during March 2000. In December 1996, Mr. Sykes was appointed Vice President Sales and held the position of Regional Manager of the Midwest Region for Professional Services from 1992 until 1996. Mr. Charles E. Sykes is the son of Mr. John H. Sykes.

Jenna R. Nelson joined the Company in August 1993 and was named Group Executive and Vice President, Human Resources during January 2001. 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 the Company, including Director of Administration.

W. Michael Kipphut joined the Company in March 2000 as Vice President and Chief Financial Officer. From September 1998 to February 2000, Mr. Kipphut held the position of Chief Financial Officer for USA Floral Products, Inc., a publicly held worldwide perishable products distributor. From September 1994 until September 1998, Mr. Kipphut held the position of Vice President and Treasurer for Spalding & Evenflo Companies, Inc., a global manufacturer of consumer products.

James T. Holder joined the Company in December 2000 as General Counsel and was named Corporate Secretary in January 2001. 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.

ITEM 2. PROPERTIES

The Company's principal executive offices are located in Tampa, Florida. This facility currently serves as the headquarters for senior management, the financial and administrative departments and the Tampa office. The following table sets forth additional information concerning the Company's facilities:

PROPERTIES	GENERAL USAGE	SQUARE FEET	LEASE EXPIRATION
UNITED STATES LOCATIONS			
Tampa, Florida	Corporate headquarters	18,000	December 2002
Tampa, Florida	Office	56,900	June 2002
Ada, Oklahoma	Technical and customer support center	42,000	Company owned
Bismarck, North Dakota	Technical and customer support centers(2)	84,000	Company owned
Charlotte, North Carolina	Technical and customer support center	52,000	October 2001
Greeley, Colorado	Technical and customer support center	42,000	Company owned
Hays, Kansas	Technical and customer support center	42,000	Company owned
Klamath Falls, Oregon	Technical and customer support center	42,000	Company owned
Manhattan, Kansas	Technical and customer support center	42,000	Company owned
Milton-Freewater, Oregon	Technical and customer support center	42,000	Company owned
Morganfield, Kentucky	Technical and customer support center	42,000	Company owned
Perry County, Kentucky	Technical and customer support center	42,000	Company owned
Minot, North Dakota	Technical and customer support center	42,000	Company owned
Pikesville, Kentucky	Technical and customer support center	42,000	Company owned
Ponca City, Oklahoma	Technical and customer support center	42,000	Company owned
Scottsbluff, Nebraska	Technical and customer support center	42,000	Company owned
Sterling, Colorado	Technical and customer support center	34,000	Company owned
Eveleth, Minnesota	Technical and customer support center	42,000	Company owned
Nashville, Tennessee	Distribution center	91,200	October 2001
Atlanta, Georgia	Office	4,900	June 2003
Cary, North Carolina	Office	3,700	March 2003
Charlotte, North Carolina	Office	2,900	June 2001

PROPERTIES	GENERAL USAGE	SQUARE FEET	LEASE EXPIRATION
Charlotte, North Carolina	Office	37,800	October 2003
Dallas, Texas	Office	3,000	June 2003
Denver, Colorado	Office	2,000	April 2001
Poughkeepsie, New York	Office	1,000	January 2002
St. Louis, Missouri	Office	5,700	September 2001
INTERNATIONAL LOCATIONS			
Amsterdam, The Netherlands	Technical and customer support center/ International headquarters	70,500	July 2004
Budapest, Hungary	Technical and customer support center	15,700	June 2002
Edinburgh, Scotland	Technical and customer support center/office	36,000	September 2019
Heredia, Costa Rica	Technical and customer support centers(2)	23,800	June 2001
London, Ontario, Canada	Technical and customer support center	45,000	Company owned
Toronto, Ontario, Canada	Technical and customer support center	14,600	December 2006
Moncton, New Brunswick	Technical and customer support center	8,200	December 2001
Les Ulis, France	Technical and customer support center	36,200	January 2007
Bochum, Germany	Technical and customer support center	29,100	June 2001
Hannover, Germany	Technical and customer support center	12,500	November 2008
Hamburg, Germany	Technical and customer support center	6,400	June 2001
Esslingen, Germany	Technical and customer support center	9,200	December 2005
Pasewalk, Germany	Technical and customer support center	41,900	July 2001
Wilhelmshaven, Germany	Technical and customer support centers(2)	36,800	March 2003
Manila, The Philippines	Technical and customer support center	26,100	October 2002
Sunninghill, South Africa	Technical and customer support center	12,500	June 2001
Ed, Sweden	Technical and customer support center	44,000	November 2002
Sveg, Sweden	Technical and customer support center	35,100	June 2001
Istanbul, Turkey	Technical and customer support center	20,700	June 2001
Shanghai, PRC	Technical and customer support center	41,900	May 2002
Florence, Italy	Technical and customer support center	32,300	September 2002
Shannon, Ireland	Technical and customer support center and distribution center	66,000	April 2013
Aachen, Germany	Distribution center	49,400	September 2002
Sevran, France	Distribution center	19,400	August 2002
Galashiels, Scotland	Distribution center	126,700	Company owned
Upplands Vasby, Sweden	Distribution center	21,300	December 2001
Stockholm, Sweden	Sales office	5,000	December 2001
London, Ontario, Canada	Sales office	2,000	August 2002
Ottawa, Ontario, Canada	Sales office	5,400	March 2002
Vancouver, British Columbia	Sales office	400	June 2002

The Company owns each of its domestic technical and customer support centers as identified and anticipates that additional support centers may be required due to growth and expansion. In addition to the above list, the Company has established technical and customer support centers at its customer's production facilities in Germany, Peoples Republic of China and Turkey.

The Company currently has two domestic facilities scheduled to open in 2001 and may operate from time-to-time in temporary facilities to accommodate growth before new support centers are available. The Company is currently utilizing one such temporary facility totaling 27,800 square feet.

ITEM 3. LEGAL PROCEEDINGS

A. CLASS ACTION LITIGATION

The Company is aware of 16 purported class action lawsuits that have been filed against Sykes and certain of its officers alleging violations of federal securities laws. All of the actions have been consolidated into one case which is pending in the United States District Court for the Middle District of Florida. The plaintiffs purport to assert claims on behalf of a class of purchasers of Sykes common stock during the period from July 27, 1998 through September 18, 2000. The consolidated action claims violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. Among other things, the consolidated action alleges that during 2000, 1999 and 1998, the Company and certain of its officers made materially false statements concerning the Company's financial condition and its future prospects. The consolidated complaint also claims that certain of the Company's quarterly financial statements during 1999 and 1998 were not prepared in accordance with generally accepted accounting principles. The consolidated action seeks compensatory and other damages, and costs and expenses associated with the litigation. The Company believes these claims are without merit and intends to defend the actions vigorously.

The Company is also aware of a lawsuit filed by Kyrus that asserts functionality issues associated with software that Kyrus had licensed from the Company. At the time of the software license, the Company and Kyrus entered into an agreement which provided for a return of a portion of the convertible preferred stock transferred to the Company in consideration of the license in the event that revenues generated by Kyrus from the software did not reach agreed upon levels. In this lawsuit, Kyrus claims that revenues from the software did not meet the minimum levels agreed upon and that Kyrus is therefore entitled to a return of the convertible preferred stock having a fair value of $4.5 million at the time of the software license. The Company has not recorded the convertible preferred stock subject to the contingency in the accompanying Consolidated Balance Sheets as of December 31, 2000 and 1999. Therefore, in the event the Company is required to return the preferred stock to Kyrus, the return will not impact the Company's financial position or results of operations. This litigation is currently pending in the Court of Common Pleas for Greenville County, South Carolina. This lawsuit is in the very early stages and formal discovery has not yet begun. The Company intends to vigorously defend this lawsuit.

Although the Company intends to vigorously defend these lawsuits, it cannot predict their outcome or the impact they may have on the Company. The Company also cannot predict whether any other suits, claims, or investigations may arise in the future based on the same claims. The outcome of any of these lawsuits or any future lawsuits, claims, or investigations relating to the same subject matter may have a material adverse impact on the Company's financial condition and results of operations.

B. OTHER LITIGATION

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 provided adequate accruals for related costs such that the ultimate outcome will not have a material adverse effect on the Company's future financial position.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted to a vote of security-holders during the fourth quarter of the year covered by this report.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER

MATTERS

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

Year ended December 31, 2000:	High	Low
First Quarter..................	$52.250	$13.375
Second Quarter.................	23.250	12.250
Third Quarter..................	16.000	4.375
Fourth Quarter.................	7.000	3.313
Year ended December 31, 1999:		
First Quarter..................	$32.875	$24.250
Second Quarter.................	34.750	20.438
Third Quarter..................	33.750	21.625
Fourth Quarter.................	51.500	22.750

Holders of Sykes' common stock are entitled to receive dividends out of the funds legally available when and if declared by the Board of Directors. Sykes has not declared or paid any cash dividends on its common stock in the past. Sykes currently anticipates that all of its earnings will be retained for development and expansion of the Company's business and does not anticipate paying any cash dividends in the foreseeable future.

As of March 1, 2001, the last sale price of the registrant's common stock was $4.63 on the NASDAQ National Market, and there were approximately 1,607 holders of record of the common stock. The Company believes that there were approximately 12,000 beneficial owners of its common stock.

ITEM 6. SELECTED FINANCIAL DATA

SELECTED FINANCIAL DATA

The following selected financial data has been derived from the Company's consolidated financial statements, as restated. The information below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the Company's Consolidated Financial Statements and related notes.

(In thousands, except per share data)	Year Ended December 31, 2000 Restated (1)	Year Ended December 31, 1999 Restated(1)	Year Ended December 31, 1998 Restated (1)	Year Ended December 31, 1997	Year Ended December 31, 1996
INCOME STATEMENT DATA:					
Revenues	$ 603,606	$ 572,742	$ 460,102	$ 351,593	$ 248,699
Income (loss) from operations	(12,308)	37,037	31,414	24.392	21,611
Net income	46,787	20,534	1,656	7,631	11,685
Net income per basic share	1.13	0.49	0.04	0.19	0.32
Net income per diluted share	1.13	0.48	0.04	0.18	0.31
PRO FORMA INFORMATION ASSUMING ACCOUNTING CHANGE IS APPLIED RETROACTIVELY (2)					
Revenues	$ 603,606	$ 571,243	$ 460,102	$ 351,593	$ 248,699
Income (loss) from operations	(12,308)	35,538	31,414	24,392	21,611
Net income	47,706	19,615	1,656	7,631	11,685
Net income per basic share	1.15	0.47	0.04	0.19	0.32
Net income per diluted share	1.15	0.46	0.04	0.18	0.31
PRO FORMA INFORMATION EXCLUDING ONE-TIME ITEMS ASSUMING ACCOUNTING CHANGE IS APPLIED RETROACTIVELY (2):					
Revenues	$ 603,606	$ 571,243	$ 460,102	$ 351,593	$ 248,699
Income from operations (3,4,5,6)	25,996	41,517	47,761	36,605	21,611
Net income (3,4,5,6,7,8,9)	13,771	23,277	29,202	23,877	11,685
Net income per basic share (3,4,5,6,7,8,9)	0.33	0.55	0.71	0.58	0.32
Net income per diluted share (3,4,5,6,7,8,9)	0.33	0.54	0.69	0.56	0.31
BALANCE SHEET DATA:					
Working capital	$ 92,964	$ 93,075	$ 84,632	$ 116,661	$ 116,687
Total assets	357,954	420,732	362,270	268,197	238,318
Long-term debt, less current installments	8,759	80,053	75,448	35,990	8,571
Shareholders' equity	195,892	193,233	158,316	152,560	147,402

(1) See Note 1 of the notes to the Consolidated Financial Statements regarding the restatement of the Company's 2000, 1999 and 1998 financial statements.

(2) Effective January 1, 2000, the Company changed its policy regarding the recognition of revenue based on criteria established by Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB 101").

(3) The balance for 2000 is exclusive of $7.8 million of compensation expense related to payments made to certain SHPS, Incorporated ("SHPS") option holders as part of the Company's sale of a 93.5% ownership interest in SHPS that occurred on June 30, 2000 and $30.5 million of restructuring and other charges.

(4) The balance for 1999 is exclusive of $6.0 million of charges associated with the impairment of long-lived assets.

(5) The balance for 1998 is exclusive of $0.5 million of expense associated with accrued severance costs, $1.4 million of one-time merger and related charges associated with acquisitions and $14.5 million of acquisition related in-process research and development costs.

(6) The balance for 1997 is exclusive of $12.2 million of charges associated with the impairment of long-lived assets and one-time merger and related charges associated with an acquisition.

(7) The balance for 2000 is exclusive of an $84.0 million gain from the sale of a 93.5% ownership interest in SHPS that occurred on June 30, 2000 and a gain of $0.7 million related to the sale of a small Canadian operation that sold roadside assistance memberships for which the Company provides customer support and $38.3 million of one-time items as identified in note
(3) above.

(8) The balance for 1998 is exclusive of $3.9 million of acquisition related in-process research and development costs incurred by a joint venture entity, $7.3 million of charges associated with the write-down of marketable securities and $16.4 million of one-time charges as identified in note (5) above.

(9) The balance for 1997 is exclusive of $2.8 million of expense associated with acquisition related in-process research and development costs incurred by a joint venture entity, $1.2 million of one-time merger and related charges associated with an acquisition and $12.2 million of one-time charges as identified in note (6) above.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Subsequent to the issuance of its consolidated financial statements for the year ended December 31, 2000, the Company revised its method of accounting for excess cash grants. As a result, the consolidated financial statements for the years ended December 31, 2000, 1999 and 1998 have been restated from the amounts previously reported. The effects of the restatement are presented in Note 1 to the consolidated financial statements and have been reflected herein. The following should be read in conjunction with the restated Consolidated Financial Statements, including the notes thereto. The following discussion compares the restated financial condition and results of operations for the year ended December 31, 2000 ("2000") to the year ended December 31, 1999 ("1999"), and 1999 to the year ended December 31, 1998 ("1998").

The following discussion and analysis and other sections of this report contain forward-looking statements that involve risks and uncertainties. Words such as "may," "expects," "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 the Company's future plans, objectives, or goals also are forward-looking statements. Future events and the Company's 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 Form 10-K/A for the year ended December 31, 2000 in Item 1 in the section entitled "Factors Influencing Future Results And Accuracy Of Forward-Looking Statements."

OVERVIEW

The Company derives its revenue from providing outsourced customer management solutions and services through two business segments - Business Solutions and Business Services.

Business Solutions provides professional services in e-commerce and customer relationship management (CRM) with a focus on business strategy development, project management, business process redesign, change management, knowledge management, education, training and web development. Revenues from Business Solutions usually are billed on a time and material basis, generally by the hour, and revenues generally are recognized as the services are provided. Revenues from fixed price contracts, generally with terms of less than one year, are recognized using the percentage-of-completion method. A significant majority of the Company's revenue is derived from non-fixed price contracts. The Company has not experienced material losses due to fixed price contracts and does not anticipate a significant increase in revenue derived from such contracts in the future.

Business Services provides customer care outsourcing services with an emphasis on technical support and customer service, delivered through multiple communication channels encompassing phone, e-mail, web and chat. Revenue from technical support and customer service, provided through the Company's support centers, is recognized as services are rendered. These services are billed on an amount per e-mail, a fee per call, a rate per minute or on a time and material basis. Revenue from distribution and fulfillment services is generally billed on a per unit basis.

Direct salaries and related costs include direct personnel compensation, statutory and other benefits associated with such personnel and other direct costs associated with providing services to customers. General and administrative expenses include administrative, sales and marketing, occupancy, depreciation and amortization, and other indirect costs.

Other expense, excluding the effect of one-time items, consists primarily of interest expense, net of interest income and foreign currency transaction gains and losses. Foreign currency transaction gains and losses generally result from exchange rate fluctuations on intercompany transactions. During 1997, the Company entered into a joint venture and the results of this entity are included in the other income (expense) section of the Consolidated Statements of Income for the time period the entity operated as a 50% joint venture. Effective September 1, 1998, the Company acquired the remaining portion of this joint venture.

Recognition of income associated with grants from local or state governments of land and the acquisition of property and equipment are deferred and recognized as a reduction in general and administrative costs over the corresponding useful lives of the related property and equipment. Deferred property and equipment grants, net of amortization, totaled $31.8 million and $24.7 million at December 31, 2000 and 1999, respectively.

The Company's effective tax rate for the periods presented reflects the effects of foreign taxes, net of foreign income not taxed in the United States, nondeductible expenses for income tax purposes and a tax basis difference on the sale of an equity interest in SHPS.

RESULTS OF OPERATIONS

The following table sets forth for the periods indicated the percentage of revenues represented by certain items reflected in the Company's statements of income:

	Year Ended December 31, 2000 Restated (1)	Year Ended December 31, 1999 Restated (1)	Year Ended December 31, 1998 Restated (1)
PERCENTAGES OF REVENUES:			
Revenues	100.0%	100.0%	100.0%
Direct salaries and related costs	63.3	64.6	63.0
General and administrative (2)	32.4	27.9	27.0
Compensation expense associated with exercise of options	1.3	--	--
Restructuring and other charges	5.0	--	--
Impairment of long-lived assets	--	1.0	--
Acquired in-process research and development (3)	--	--	3.1
Income (loss) from operations	(2.0)	6.5	6.9
Other income (expense) (4)(5)(6)	13.4	(0.6)	(2.7)
Income before provision for income taxes and cumulative effect of change in accounting principle	11.4	5.9	4.2
Provision for income taxes	3.5	2.4	3.8
Income before cumulative effect of change in accounting principle	7.9	3.5	0.4
Cumulative effect of change in accounting principle	(0.2)	--	--
Net income (2)(3)(4)(5)(6)	7.7%	3.5%	0.4%

(1) See Note 1 of the notes to the Consolidated Financial Statements regarding the restatement of the Company's 2000, 1999 and 1998 financial statements.

(2) Includes charges associated with accrued severance pay and one-time merger and related charges of 0.4% related to the acquisitions completed in 1998.

(3) Includes expense associated with the write-off of acquisition related in-process research and development costs of 3.1% related to the Company's original ownership and subsequent acquisition of the remaining outstanding shares of SHPS.

(4) Includes expense associated with the write-off of acquisition related in-process research and development costs of 0.8% related to acquisitions completed by SHPS in 1998.

(5) Includes expense associated with the write-down of marketable securities of 1.6% in 1998.

(6) Includes gain on sale of SHPS of 13.9% in 2000.

2000 COMPARED TO 1999

Revenues. For 2000, the Company recorded consolidated revenues of $603.6 million, an increase of $30.9 million or 5.4%, from the $572.7 million of consolidated revenues for the comparable period during 1999. Exclusive of SHPS (in which 93.5% of the

Company's ownership interest was sold on June 30, 2000), revenues increased $68.2 million or 13.6% to $567.9 million for 2000 from $499.7 million for the comparable period during 1999. This growth in revenue was the result of a $29.0 million or 5.5% increase in Business Services' revenues ($66.3 million or 14.8% exclusive of SHPS) and an increase of $1.9 million or 3.8% from Business Solutions' revenues.

The increase in Business Services' revenues for 2000 was primarily attributable to an increase in the number of technical and customer support centers providing services throughout the period, and the resulting increase in e-mail requests and telephony call volumes from clients, the licensing of the Company's diagnostic software, partially offset by a decrease from distribution and fulfillment services revenues. The new support centers were required as a result of continued organic growth of technical and customer support services from both e-commerce and telephony support services. The Company had an additional four domestic and two international technical and customer support centers fully operational in 2000 and significantly expanded an additional four international centers. During 2000, the Company recognized $8.0 million of revenue associated with the licensing of the Company's diagnostic software, of which $3.5 million related to a one-year AnswerTeam(TM) licensing agreement and $3.6 million related to the pro rata recognition of revenue associated with a multi-year AnswerTeam(TM) licensing agreement completed during 1999. The decrease in distribution and fulfillment services revenue for 2000 was primarily attributable to the closing of three international and two domestic distribution and fulfillment centers as part of the Company's restructuring plans and a client's decision to discontinue its operations within North America.

The increase in Business Solutions' revenues was attributable to a focus on professional e-commerce services, including web design, development and program management and an increase in the average bill rate charged for consulting services. The increase in Business Solutions' revenue for 2000 is partially offset by a $0.7 million decline in worldwide translation and localization services and a $1.9 million reduction in revenue associated with the sale of the Company's Manufacturing and Distribution operations during the second quarter of 1999.

Direct Salaries and Related Costs. Direct salaries and related costs increased $12.3 million or 3.3% to $382.2 million for 2000, from $369.9 million in 1999. As a percentage of revenues, direct salaries and related costs decreased to 63.3% in 2000 from 64.6% for the comparable period in 1999. The increase in the dollar amount was primarily attributable to a $43.4 million increase in salaries and benefits to support revenue growth and associated training costs, partially offset by a $27.3 million decrease in direct material costs associated with distribution and fulfillment services. Exclusive of SHPS, direct salaries and all related costs increased $35.1 million or 10.8% to $359.0 million or 63.2% of revenue. The decrease in direct salaries and all related costs as a percentage of revenue resulted from economies of scale associated with spreading costs over a larger revenue base.

General and Administrative. General and administrative expenses increased $35.5 million or 22.2% to $195.4 million for 2000, from $159.9 million in 1999. As a percentage of revenues, general and administrative expenses increased to 32.4% in 2000 from 27.9% for the comparable period in 1999. The increase in both the dollar amount and percentage of revenue of general and administrative expense was primarily attributable to a $15.2 million increase in salaries and benefits to support the Company's organic growth, an $8.2 million increase in telecom costs, a $4.0 million increase in lease and rent expense, a $2.5 million increase in depreciation expense associated with facility and capital equipment expenditures all generally incurred in connection with the expansion of the Company's technical and customer support services, and a $6.9 million increase in bad debt expense due principally to weaker economic conditions for dot.com clients. Exclusive of SHPS, general and administrative expenses increased $45.8 million or 33.0% to $184.5 million, or 32.5% of revenue.

Compensation Expense. Compensation expense associated with the exercise of options was $7.8 million for 2000. This charge related to payments made to certain SHPS' option holders as part of the Company's sale of a 93.5% ownership interest in SHPS that occurred on June 30, 2000.

Restructuring and Other Charges. The Company recorded restructuring and other charges of $30.5 million during 2000. These charges were associated with
(1) the consolidation of certain of the Company's distribution and fulfillment operations in Europe; (2) the closure of the U.S. distribution and fulfillment operations; (3) the elimination of the worldwide translation and localization business; (4) the consolidation of certain of the Company's professional services locations; (5) elimination of redundant property, leasehold improvements and equipment; (6) lease termination costs associated with vacated properties and transportation equipment; and (7) severance payments to the Company's former President.

Other Income and Expense. Other income was $81.2 million during 2000, compared to other expense of $3.5 million during 1999. Excluding the $84.0 million gain associated with the sale of SHPS, the Company reported other expense of $2.8 million for 2000. The decrease in other expense for 2000, excluding the gain for the sale of SHPS, was attributable to a decrease in interest expense associated with a decrease in the Company's average outstanding debt position, partially offset by additional interest expense of $0.7 million related to the cancellation of a contractual obligation. The Company's average debt balance for 2000 was $44.8 million compared to $78.8 million for 1999. The decrease in the average debt balance is principally due to the repayment of debt from the proceeds generated from the sale of SHPS, partially offset by increases in debt from capital expenditures and the Company's repurchase of 3.0 million shares of its common stock during 2000 that are being held as treasury shares.

On June 30, 2000, the Company sold 93.5% of its ownership interest in SHPS for $165.5 million cash. The sale of SHPS resulted in a gain for financial accounting purposes of $84.0 million ($59.9 million net of taxes).

Income Taxes. The provision for income taxes increased $8.2 million to $21.2 million for 2000 from $13.0 million for the comparable period in 1999. The increase in the provision for income taxes was primarily attributable to the gain associated with the sale of SHPS, partially offset by the compensation expense associated with the exercise of options and the restructuring and other charges that were incurred during 2000. The Company's effective tax rate exclusive of the gain and one-time items was 38.7% for 2000 compared to 38.7% for the comparable 1999 period.

Net Income. As a result of the foregoing, inclusive of one-time items identified above, net income increased to $46.8 million in 2000 from $20.5 million in 1999. Exclusive of one-time items, including a gain of $84.0 million for the sale of SHPS, $7.8 million related to payouts made to SHPS' options holders and $30.5 million in restructuring and other charges, net income for 2000 would have been $12.9 million.

1999 COMPARED TO 1998

Revenues. Revenues increased $112.6 million, or 24.5%, to $572.7 million in 1999 from $460.1 million in 1998. Exclusive of SHPS, revenues increased $66.5 million, or 15.3%, to $499.8 million from $433.3 million in 1998. The growth in revenues reflected an increase of $133.3 million, or 34.3% in Business Services' revenues ($87.1 million, or 24.0%, exclusive of SHPS) and a decrease of $20.6 million in Business Solutions' revenues.

The increase in Business Services' revenues for 1999 was primarily attributable to an increase in the number of technical and customer support centers providing services throughout the period and the resulting increase in e-mail requests and telephony call volumes from clients. The new support centers were required as a result of continued growth of technical and customer support services from both e-mail and telephony support services. During 1999, the Company opened three domestic and four international technical and customer support centers, significantly expanded an additional four international centers and announced the construction of an additional five domestic centers. An increase in distribution and fulfillment services revenue was attributable to the Company's e-commerce initiatives in 1999.

The decrease in Business Solutions' revenues for 1999 was attributable to a decline in hours billed to customers for consulting services, partially offset by an increase in the average bill rate, the sale of the Company's Manufacturing and Distribution operation, and to a decline in worldwide translation and localization services due to a delay in the commencement of certain projects when compared to 1998.

Direct Salaries and Related Costs. Direct salaries and related costs increased $80.0 million, or 27.6%, to $369.8 million in 1999 from $289.8 million in 1998. As a percentage of revenues, direct salaries and related costs increased to 64.6% in 1999 from 63.0% in the comparable 1998 year. The increase was primarily attributable to the addition of personnel to support revenue growth and associated employee benefit and training costs.

General and Administrative. General and administrative expenses increased $41.5 million, or 33.4%, to $165.9 million in 1999, inclusive of a $6.0 million one-time charge associated with the impairment of long-lived assets. As a percentage of revenues and inclusive of the one-time charge, general and administrative expenses increased to 29.0% in 1999 from 27.0% in 1998. The increase in the amount of general and administrative expenses was primarily attributable to a $17.7 million increase in salaries and benefits, a $10.6 million increase in depreciation expense associated with facility and capital equipment expenditures incurred in connection with the expansion of the Company's technical and customer support centers and distribution and fulfillment services, the $6.0 million one-time charge associated with the impairment of long-lived assets, and to a $4.3 million increase in amortization expense, primarily associated with goodwill incurred as part of the SHPS acquisition. General and administrative expenses, exclusive of the $6.0 million charge associated with the impairment of long-lived assets, increased $35.5 million, or 28.5%, to $159.9 million in 1999, or 27.9% of revenue.

Impairment of Long-Lived Assets. As part of the original ownership and subsequent acquisition of the remaining outstanding shares of SHPS, the Company determined that the technical feasibility of SHPS' in-process technology had not been established and a portion of the technology had no alternative use. Therefore, the Company recorded a charge of approximately $14.5 million related to the write-off of the acquired in-process research and development during 1998.

Other Expense. Other expense was $3.5 million during 1999 compared to $12.3 million during 1998. The other expense balance for 1998 is inclusive of a $3.9 million loss from joint venture and a $7.3 million write-down of a marketable security. The loss from the joint venture was attributable to acquisition related in-process research and development costs associated with acquisitions completed by the joint venture, which were recorded as other expense. The increase in other expense for 1999 exclusive of the loss from the joint venture and the write-down of a marketable security was primarily attributable to an increase in the Company's debt position as a result of the acquisition of SHPS completed during 1998.

Income Taxes. The provision for income taxes decreased $4.5 million, or 25.7%, to $13.0 million during 1999 from $17.5 million during 1998. The dollar decrease was attributable to a lower amount of income before provision for income taxes, exclusive of one-time charges. Sykes' effective tax rate decreased to 38.7% during 1999, versus 91.3% for 1998. The effective tax rate for 1998 was affected by approximately $14.5 million of non-deductible charges associated with the write-off of in-process research and development costs.

Net Income. As a result of the foregoing, net income inclusive of the one-time charge identified above increased to $20.5 million in 1999 from $1.7 million in 1998. Net income for 1999, exclusive of the $6.0 million charge associated with the impairment of long-lived assets would have been $24.2 million.

QUARTERLY RESULTS

The following information presents unaudited quarterly operating results, as restated, for the Company for 2000 and 1999. The data has been prepared by the Company on a basis consistent with the Consolidated Financial Statements, as restated, included elsewhere in this Form 10-K/A, and include all adjustments, consisting of normal recurring accruals, that the Company considers necessary for a fair presentation thereof. The operating results for the quarters ended September 30, 2000, June 30, 2000 and March 31, 2000 have been adjusted to give effect to Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB 101"), which was adopted in the fourth quarter of 2000, retroactive to January 1, 2000 in accordance with Statement of Financial Accounting Standards No. 3, "Reporting Accounting Changes in Interim Financial Statements", and certain quarters in the two-year period ended December 31, 2000 have been restated to give effect to the restatement related to the Company's method of accounting for cash grants, as discussed in Note 1 to the Consolidated Financial Statements. These operating results are not necessarily indicative of the Company's future performance.

(In thousands, except per share data)

AS ADJUSTED FOR SAB 101, EFFECTIVE JANUARY 1, 2000	12/31/00	9/30/00	6/30/00	3/31/00 Restated (1)
Revenues	$ 148,144	$ 136,954	$ 155,798	$ 162,710
Direct salaries and related costs	94,003	87,940	98,422	101,871
General and administrative (2)	48,609	52,064	47,787	46,914
Compensation expense associated with exercise of options	--	--	7,836	--
Restructuring and other charges	20,828	--	9,640	--
Income (loss) from operations	(15,296)	(3,050)	(7,887)	13,925
Other income (expense) (3)	800	(1,434)	83,076	(1,237)
Income (loss) before provision for income taxes and cumulative effect of change in accounting principle	(14,496)	(4,484)	75,189	12,688
Provision for income taxes	(3,765)	(1,660)	21,693	4,923
Income (loss) before cumulative effect of change in accounting principle	(10,731)	(2,824)	53,496	7,765
Cumulative effect of change in accounting principle, net of income taxes of $580	--	--	--	(919)
Net income (loss)	$ (10,731)	$ (2,824)	$ 53,496	$ 6,846
Net income (loss) per basic share:				
Income (loss) before cumulative effect of change in accounting principle	$ (0.27)	$ (0.07)	$ 1.27	$ 0.18
Cumulative effect of change in accounting principle	--	--	--	(0.02)
Net income (loss) per basic share	$ (0.27)	$ (0.07)	$ 1.27	$ 0.16
Total weighted average basic shares	40,373	41,134	42,031	42,606
Net income (loss) per diluted share:				
Income (loss) before cumulative effect of change in accounting principle	$ (0.27)	$ (0.07)	$ 1.27	$ 0.18
Cumulative effect of change in accounting principle	--	--	--	(0.02)
Net income (loss) per diluted share	$ (0.27)	$ (0.07)	$ 1.27	$ 0.16
Total weighted average diluted shares	40,373	41,134	42,098	42,902

AS ADJUSTED FOR SAB 101, EFFECTIVE JANUARY 1, 2000	12/31/99 Restated (1)	9/30/99 Restated (1)	6/30/99 Restated (1)	3/31/99 Restated (1)
Revenues	$ 159,433	$ 140,967	$ 135,964	$ 136,378
Direct salaries and related costs	105,142	92,523	88,938	83,247
General and administrative (2)	50,123	40,227	38,693	36,812

Compensation expense associated with exercise of options	--	--	--	--
Restructuring and other charges	--	--	--	--
Income from operations	4,168	8,217	8,333	16,319
Other income (expense) (3)	(1,092)	(987)	(863)	(575)
Income before provision for income taxes and cumulative effect of change in accounting principle	3,076	7,230	7,470	15,744
Provision for income taxes	1,194	2,809	2,891	6,092
Income before cumulative effect of change in accounting principle	1,882	4,421	4,579	9,652
Cumulative effect of change in accounting principle, net of income taxes of $580	--	--	--	--
Net income	$ 1,882	$ 4,421	$ 4,579	$ 9,652
Net income per basic share:				
Income before cumulative effect of change in accounting principle	$ 0.04	$ 0.11	$ 0.11	$ 0.23
Cumulative effect of change in accounting principle	--	--	--	--
Net income per basic share	$ 0.04	$ 0.11	$ 0.11	$ 0.23
Total weighted average basic shares	42,356	42,281	42,083	41,459
Net income per diluted share:				
Income before cumulative effect of change in accounting principle	$ 0.04	$ 0.10	$ 0.11	$ 0.23
Cumulative effect of change in accounting principle	--	--	--	--
Net income per diluted share	$ 0.04	$ 0.10	$ 0.11	$ 0.23
Total weighted average diluted shares	43,063	43,032	43,097	42,824

(In thousands, except per share data)

AS PREVIOUSLY REPORTED	12/31/00	9/30/00	6/30/00	3/31/00	12/31/99	9/30/99	6/30/99	3/31/99
Revenues	$148,144	$137,570	$155,867	$161,312	$159,433	$140,967	$135,964	$136,378
Direct salaries and related costs ..	94,003	88,254	98,606	102,211	105,142	92,523	88,938	83,247
General and administrative (2)	48,609	52,124	45,389	46,915	49,229	40,350	37,767	36,277
Compensation expense associated with exercise of options	--	--	7,836	--	--	--	--	--
Restructuring and other charges	20,828	--	9,640	--	--	--	--	--
Income (loss) from operations	(15,296)	(2,808)	(5,604)	12,186	5,062	8,094	9,259	16,854
Other income (expense) (3)	800	(1,434)	83,076	(1,237)	(1,092)	(987)	(863)	(575)
Income (loss) before provision for income taxes	(14,496)	(4,242)	77,472	10,949	3,970	7,107	8,396	16,279
Provision for income taxes	(3,765)	(1,569)	22,579	4,248	1,540	2,761	3,249	6,300
Net income (loss)	$(10,731)	$ (2,673)	$54,893	$ 6,701	$ 2,430	$ 4,346	$ 5,147	$ 9,979
Net income (loss) per basic share ..	$ (0.27)	$ (0.06)	$ 1.31	$ 0.16	$ 0.06	$ 0.10	$ 0.12	$ 0.24
Total weighted average basic shares	40,373	41,134	42,031	42,606	42,356	42,281	42,083	41,459
Net income (loss) per diluted share	$ (0.27)	$ (0.06)	$ 1.30	$ 0.16	$ 0.06	$ 0.10	$ 0.12	$ 0.23
Total weighted average diluted shares	40,373	41,134	42,098	42,902	43,063	43,032	43,097	42,824

(1) See Note 1 of the notes to the Consolidated Financial Statements regarding the restatement of the Company's 2000, 1999 and 1998 financial statements. Net income for the quarter ended March 31, 2000, as adjusted for SAB 101 before restatement, was $5.7 million, or $0.13 per basic share and $0.13 per diluted share.

(2) The quarter ended December 31, 1999 includes $6.0 million of charges associated with the write-down of software and computer equipment.

(3) The quarter ended June 30, 2000 includes an $84.0 million gain associated with the sale of SHPS.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary sources of liquidity are cash flows from operations and available borrowings under its credit facilities. The Company has utilized its capital resources to make capital expenditures associated primarily with its technical and customer support services, invest in technology applications and tools to further develop the Company's service offerings, repurchase its shares in the open market, and for working capital and general corporate purposes. In future periods, the Company intends similar uses of any such funds, including possible additional acquisitions.

During 2000, the Company generated $23.3 million in cash from operating activities. The Company utilized these funds as well as $159.8 million of cash generated from the sale of 93.5% of its equity interest in SHPS, $8.4 million in proceeds from grants and $3.2 million from issuance of Company stock to pay down approximately $74.4 million in debt, invest $72.3 million in capital expenditures and to purchase $40.6 million of the Company's common stock. The purchase of the shares of the Company's common stock was in connection with stock repurchase programs announced in February 2000 and July 2000.

The Company's capital expenditures for the year ended December 31, 2000 were $72.3 million, which are generally funded by cash generated from operating activities and borrowings available under its credit facilities. Approximately 58% of the capital expenditures were the result of investing in new and existing technical and customer support centers, 37% was expended for systems infrastructure, and 5% of the capital expenditures were SHPS related prior to its June 30, 2000 sale.

On May 2, 2000, the Company amended and restated its existing syndicated credit facility with a syndicate of lenders (the "Amended Credit Facility"). Pursuant to the terms of the Amended Credit Facility, the amount of the Company's revolving credit facility was maintained at $150.0 million. The $150.0 million Amended Credit Facility includes a $10.0 million swingline loan to be used for working capital purposes. In addition, the Company amended and restated its $15.0 million multi-currency credit facility that provides for multi-currency lending. Borrowings under the Amended Credit Facility bear interest, at the Company's option, at (a) the lender's base rate plus an applicable margin of up to 0.25% or (b) a Euro rate plus an applicable margin of up to 1.75%. Borrowings under the $10.0 million swingline loan bear interest, at the Company's option, at (a) the lender's base rate plus an applicable margin of up to 0.25% or (b) a Quoted Rate for swingline loans. Borrowings under the $15.0 million multi-currency facility bear interest, at the Company's option, at (a) the lender's base rate plus an applicable margin of up to 0.25% or (b) a quoted Euro rate for swingline loans. The Company paid aggregate financing fees of approximately $0.3 million, which have been deferred and are being amortized over the term of the Amended Credit Facility. In addition, a commitment fee up to 0.375 % will be charged on the unused portion of the Amended Credit Facility on a quarterly basis. The Amended Credit Facility matures on February 28, 2003, and the multi-currency facility matures on February 28, 2002. At December 31, 2000, the Company had approximately $156.2 million of availability under its credit facilities.

The Company believes that its current cash levels, accessible funds under its credit facilities and cash flows from future operations, will be adequate to meet its debt repayment requirements, continued expansion objectives and anticipated levels of capital expenditures for the foreseeable future.

IMPACT OF YEAR 2000

In prior years, the Company discussed the nature and progress of its plans to become Year 2000 compliant. During September 1999, the Company completed its remediation and testing of its systems. As a result of those planning and implementation efforts, the Company experienced no significant disruptions in critical information technology and non-information technology systems and believes those systems successfully responded to the Year 2000 date change. Sykes is not aware of any material problems resulting from Year 2000 issues, either with its products and services, its internal systems, or those products and services of third parties. Sykes will continue to monitor its critical computer applications and those of its suppliers and vendors to ensure that any delayed Year 2000 matters that may arise are addressed promptly.

IMPACT OF NEW ACCOUNTING STANDARDS

In June 1998, the FASB issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement establishes accounting and reporting standards for derivative financial instruments and requires recognition of derivatives in the statement of financial position to be measured at fair value. Gains or losses resulting from changes in the value of derivatives would be accounted for depending on the intended use of the derivative and whether it qualifies for hedge accounting. This statement is effective for financial statements beginning in 2001. The Company is currently studying the future effects of adopting this statement. However, due to our limited use of derivative financial instruments, adoption of Statement No. 133 is not expected to have a significant effect on our financial position or results of operation.

ITEM 7a. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

QUANTITATIVE AND QUALITATIVE DISCLOSURES

The Company's earnings and cash flows are subject to fluctuations due to changes in non-U.S. currency exchange rates. The Company is exposed to non-U.S. exchange rate fluctuations as the financial results of non-U.S. subsidiaries are translated into U.S. dollars in consolidation. As exchange rates vary, those results, when translated, may vary from expectations and adversely impact overall expected profitability. The cumulative translation effects for subsidiaries using functional currencies other than the U.S. dollar are included in accumulated other comprehensive income in shareholders' equity. Movements in non-U.S. currency exchange rates may affect the Company's competitive position, as exchange rate changes may affect business practices and/or pricing strategies of non-United States based competitors. Under its current policy, the Company does not use non-U.S. exchange derivative instruments to manage its exposure to changes in non-U.S. currency exchange rates.

The Company's exposure to interest rate risk results from its variable rate debt outstanding under its credit facilities. At December 31, 2000, the Company had $8.9 million in debt outstanding at variable interest rates, which is generally equal to the Eurodollar rate plus an applicable margin. Based on the Company's level of variable rate debt during 2000, a one-point increase in the weighted average interest rate would increase the Company's annual interest expense by approximately $0.5 million. Under its current policy, the Company does not use derivative instruments to manage its exposure to changes in interest rates.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT AUDITORS

Board of Directors and Stockholders Sykes Enterprises, Incorporated

We have audited the accompanying consolidated balance sheets, as restated, of Sykes Enterprises, Incorporated as of December 31, 2000 and 1999, and the related consolidated statements of income, shareholders' equity, and cash flows, all as restated, for each of the three years in the period ended December 31, 2000. Our audits also included the financial statement schedule listed in the Index at Item 14(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the 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, the consolidated financial statements, as restated, referred to above present fairly, in all material respects, the consolidated financial position of Sykes Enterprises, Incorporated at December 31, 2000 and 1999, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 2, the Company changed its method of accounting for certain revenues.

The accompanying consolidated financial statements for the years ended December 31, 2000, 1999 and 1998 have been restated as discussed in Note 1.

/s/ Ernst & Young LLP

Tampa, Florida
February 15, 2001, except for
Note 1, as to which the date is
July 26, 2001

SYKES ENTERPRISES, INCORPORATED

CONSOLIDATED BALANCE SHEETS

In thousands (except per share data)

	DECEMBER 31, 2000 Restated (See Note 1)	DECEMBER 31, 1999 Restated (See Note 1)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 30,141	$ 31,001
Restricted cash	--	15,109
Receivables	135,609	126,477
Prepaid expenses and other current assets	17,679	15,252
Total current assets	183,429	187,839
Property and equipment, net	151,842	134,756
Marketable securities	--	200
Intangible assets, net	8,861	76,831
Deferred charges and other assets	13,822	21,106
	$ 357,954	$ 420,732
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current installments of long-term debt	$ 100	$ 3,236
Accounts payable	34,636	37,410
Income taxes payable	5,502	932
Accrued employee compensation and benefits	32,746	24,206
Customer deposits	--	11,821
Other accrued expenses and current liabilities	17,481	17,159
Total current liabilities	90,465	94,764
Long-term debt	8,759	80,053
Deferred grants	31,758	24,689
Deferred revenue	31,072	26,593
Other long-term liabilities	8	1,400
Total liabilities	162,062	227,499
Commitments and contingencies (Note 16)		
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; 43,084 and 42,734 issued	431	427
Additional paid-in capital	159,696	155,023
Retained earnings	90,430	43,643
Accumulated other comprehensive income	(14,082)	(5,860)
	236,475	193,233
Treasury stock at cost; 2,981 shares (none in 1999)	(40,583)	--
Total shareholders' equity	195,892	193,233
	$ 357,954	$ 420,732

See accompanying notes to consolidated financial statements.

SYKES ENTERPRISES, INCORPORATED

CONSOLIDATED STATEMENTS OF INCOME

In thousands (except per share data)

	YEARS ENDED DECEMBER 31, 2000 Restated (See Note 1)	1999 Restated (See Note 1)	1998 Restated (See Note 1)
Revenues	$ 603,606	$ 572,742	$ 460,102
Operating expenses:			
Direct salaries and related costs	382,236	369,850	289,802
General and administrative	195,374	159,876	124,417
Compensation expense associated with exercise of options	7,836	--	--
Restructuring and other charges	30,468	--	--
Impairment of long-lived assets	--	5,979	--
Acquired in-process research and development	--	--	14,469
Total operating expenses	615,914	535,705	428,688
Income (loss) from operations	(12,308)	37,037	31,414
Other income (expense):			
Interest, net	(2,942)	(3,669)	(959)
Gain on sale of equity interest in SHPS	84,036	--	--
Loss from joint venture	--	--	(3,947)
Write-down of marketable securities	--	--	(7,335)
Other	111	152	(29)
Total other income (expense)	81,205	(3,517)	(12,270)
Income before provision for income taxes and cumulative effect of change in accounting principle	68,897	33,520	19,144
Provision for income taxes:			
Current	24,794	20,387	25,592
Deferred	(3,603)	(7,401)	(8,104)
Total provision for income taxes	21,191	12,986	17,488
Income before cumulative effect of change in accounting principle	47,706	20,534	1,656
Cumulative effect of change in accounting principle, net of income taxes of $580	(919)	--	--
Net income	$ 46,787	$ 20,534	$ 1,656
Net income per basic share:			
Income before cumulative effect of change in accounting principle	$ 1.15	$ 0.49	$ 0.04
Cumulative effect of change in accounting principle	(0.02)	--	--
Net income per basic share	$ 1.13	$ 0.49	$ 0.04
Weighted average shares outstanding - basic	41,518	42,045	41,258
Net income per diluted share:			
Income before cumulative effect of change in accounting principle	$ 1.15	$ 0.48	$ 0.04
Cumulative effect of change in accounting principle	(0.02)	--	--

Net income per diluted share	$ 1.13	$ 0.48	$ 0.04
Weighted average shares outstanding - diluted	41,645	42,995	42,288
Proforma amounts assuming accounting change is applied retroactively:			
Net income	$ 47,706	$ 19,615	$ 1,656
Net income per basic share	$ 1.15	$ 0.47	$ 0.04
Net income per diluted share	$ 1.15	$ 0.46	$ 0.04

See accompanying notes to consolidated financial statements

SYKES ENTERPRISES, INCORPORATED

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

In thousands

	COMMON STOCK SHARES	COMMON STOCK AMOUNT	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TREASURY STOCK	TOTAL
Balance at January 1, 1998 ..	41,120	$ 411	$ 133,592	$ 22,151	$ (3,594)	$ --	$ 152,560
Issuance of common stock ...	332	3	1,074	--	--	--	1,077
Tax effect of non-qualified exercise of stock options .	--	--	1,534	--	--	--	1,534
Distributions	--	--	--	(698)	--	--	(698)
Net income (restated)	--	--	--	1,656	--	--	1,656
Recognition of write-down on marketable securities ..	--	--	--	--	735	--	735
Foreign currency translation adjustment	--	--	--	--	1,452	--	1,452
Comprehensive income(restated)							3,843
Balance at December 31, 1998, (restated)	41,452	414	136,200	23,109	(1,407)	--	158,316
Issuance of common stock ...	1,282	13	11,371	--	--	--	11,384
Tax effect of non-qualified exercise of stock options .	--	--	7,452	--	--	--	7,452
Net income (restated)	--	--	--	20,534	--	--	20,534
Foreign currency translation adjustment	--	--	--	--	(4,453)	--	(4,453)
Comprehensive income(restated)							16,081
Balance at December 31, 1999, (restated)	42,734	427	155,023	43,643	(5,860)	--	193,233
Issuance of common stock ...	350	4	3,208	--	--	--	3,212
Tax effect of non-qualified exercise of stock options .	--	--	1,465	--	--	--	1,465
Purchase of treasury stock .	--	--	--	--	--	(40,583)	(40,583)
Net income (restated)	--	--	--	46,787	--	--	46,787
Foreign currency translation adjustment	--	--	--	--	(8,222)	--	(8,222)
Comprehensive income(restated)..........							38,565
Balance at December 31, 2000, (restated)	43,084	$ 431	$ 159,696	$ 90,430	$ (14,082)	$ (40,583)	$ 195,892

See accompanying notes to consolidated financial statements.

SYKES ENTERPRISES, INCORPORATED

CONSOLIDATED STATEMENTS OF CASH FLOWS

In thousands

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
	Restated (See Note 1)	Restated (See Note 1)	Restated (See Note 1)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 46,787	$ 20,534	$ 1,656
Depreciation and amortization	36,829	37,570	23,089
Impairment of long-lived assets	--	5,979	--
Cumulative effect of accounting change, net of tax	919	--	--
Gain on sale of equity interest in SHPS, Incorporated	(84,036)	--	--
Acquired in-process research and development costs	--	--	14,469
Write-down of intangible assets	6,000	--	--
Write-down of marketable securities	--	--	7,335
Deferred income taxes	(3,603)	(7,401)	(8,104)
(Gain) loss on disposal of property and equipment	13,275	15	(525)
Changes in assets and liabilities:			
Receivables	(30,515)	(16,762)	(25,588)
Prepaid expenses and other current assets	3,761	1,599	(2,912)
Intangible assets	926	(1,113)	(738)
Deferred charges and other assets	3,154	(1,638)	(1,033)
Accounts payable	(3,487)	5,246	2,841
Income taxes payable	7,480	(2,166)	--
Accrued employee compensation and benefits	11,744	4,508	7,270
Customer deposits	10,921	(3,176)	11,373
Other accrued expenses and current liabilities	1,250	(36)	6,090
Deferred revenue	3,314	9,386	5,954
Other long-term liabilities	(1,392)	(1,268)	(48)
Net cash provided by operating activities	23,327	51,277	41,129
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(72,334)	(66,657)	(37,293)
Investment in joint venture	--	--	(10,723)
Acquisition of businesses	--	(8,346)	(28,131)
Proceeds from sale of equity interest in SHPS, Incorporated	159,776	--	--
Proceeds from sale of marketable securities	--	--	1,000
Proceeds from sale of property and equipment	--	191	3,462
Net cash provided by (used for) investing activities	87,442	(74,812)	(71,685)
CASH FLOWS FROM FINANCING ACTIVITIES			
Paydowns under revolving line of credit agreements	(198,301)	(84,540)	(16,932)
Borrowings under revolving line of credit agreements	124,607	88,398	93,810
Payments of long-term debt	(1,103)	--	(89,688)
Borrowings under long-term debt	367	--	--
Proceeds from issuance of stock	3,212	11,084	1,077
Proceeds from grants	8,394	7,698	2,575
Purchase of treasury stock	(40,583)	--	--
Distributions	--	--	(698)
Net cash provided by (used for) financing activities	(103,407)	22,640	(9,856)
Adjustments for foreign currency translation	(8,222)	(4,453)	1,452
Net decrease in cash and cash equivalents	(860)	(5,348)	(38,960)
CASH AND CASH EQUIVALENTS - BEGINNING	31,001	36,349	75,309
CASH AND CASH EQUIVALENTS - ENDING	$ 30,141	$ 31,001	$ 36,349
Supplemental disclosures of cash flow information			
Cash paid during the year for:			
Interest	$ 4,254	$ 6,809	$ 1,553
Income taxes	$ 17,130	$ 22,426	$ 13,402

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Sykes Enterprises, Incorporated and consolidated subsidiaries (the "Company" or "Sykes") provides outsourced customer management solutions and services. Sykes' Business Solutions group provides professional services in e-commerce and customer relationship management (CRM) with a focus on business strategy development, project management, business process redesign, change management, knowledge management, education, training and web development. Sykes' Business Services group provides customer care outsourcing services with an emphasis on technical support and customer service. These services are delivered through multiple communication channels encompassing phone, e-mail, web and chat. Sykes' Business Solutions and Business Services combination offers clients value-added end-to-end solutions. The Company's services are provided to customers on a worldwide basis primarily within the technology, communications and financial services markets.

NOTE 1. RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS

After the Company filed its Annual Report on Form 10-K for the year ended December 31, 2000 with the United States Securities and Exchange Commission ("SEC"), the Company determined that the accounting for the recognition of cash grants received in excess of building costs for the development of new technical and customer support centers required revision, as explained below.

During the fourth quarter of 2000, the Company adopted retroactive to January 1, 2000, Staff Accounting Bulletin No. 101, " Revenue Recognition in Financial Statements" ("SAB 101") which resulted in a cumulative effect of change in accounting principle. The cumulative effect of the change related to prior years resulted in a charge to income of $2.1 million (net of income taxes of $1.3 million), or $0.05 per diluted share, which was deducted from income for the year ended December 31, 2000. In adopting SAB 101, the Company had modified its accounting treatment for the recognition of revenue as it related to, among other things, the accounting for cash grants received in excess of building costs for the development of new technical and customer support centers which represented approximately $1.2 million (net of income taxes of $1.7 million) of the cumulative effect of the $2.1 million change, or $0.03 per diluted share. Prior to the adoption of SAB 101, the Company recognized the excess of cash grants received over the costs of construction of the related facility ("excess cash grants") as a reduction of general and administrative costs commencing on the date the funds were placed in escrow and construction of the facility began. In connection with the adoption of SAB 101, the Company changed its method of accounting for excess cash grants to delay their recognition until the funds were released from escrow and construction of the facility was complete, at which time they were recognized as a reduction of salaries and other direct costs related to training of personnel at the facility involved.

Subsequent to the issuance of its consolidated financial statements for the year ended December 31, 2000, the Company determined that the excess cash grants should not be offset against direct salaries and related costs to the extent training costs were incurred and recognized at the time the funds were released from escrow and construction of the facility was complete. Instead the excess cash grants should have been deferred and recognized as a reduction of depreciation expense over the weighted average useful life of the equipment utilized at the new facility (which generally approximates five years) with the amortization beginning when construction of the facility is complete and the facility is occupied.

Accordingly, the Company reversed the portion of the cumulative effect of change in accounting principle related to the excess cash grants of $1.2 million (net of income taxes of $0.7 million), or $0.03 per diluted share, previously recorded by the Company as of January 1, 2000. As a result, the accompanying consolidated financial statements for the years ended December 31, 2000, 1999 and 1998 have been restated from the amounts previously reported. The impact of the change in accounting for excess cash grants on income before cumulative effect of change in accounting principle for the year ended December 31, 2000 was not material.

NOTE 1. RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

A summary of the significant effects of the restatement is as follows:

In thousands (except per share data)	Year Ended December 31, 2000		Year Ended December 31, 1999		Year Ended December 31, 1998	
	As Previously Reported	As Restated	As Previously Reported	As Restated	As Previously Reported	As Restated
Condensed Consolidated Statement of Income:						
Revenues	$ 603,606	$ 603,606	$ 572,742	$ 572,742	$ 460,102	$ 460,102
Operating expenses	615,914	615,914	533,473	535,705	427,430	428,688
Income (loss) from operations	(12,308)	(12,308)	39,269	37,037	32,672	31,414
Total other income (expense)	81,205	81,205	(3,517)	(3,517)	(12,270)	(12,270)
Income before provision for income taxes and cumulative effect of change in accounting principle	68,897	68,897	35,752	33,520	20,402	19,144
Provision for income taxes	21,191	21,191	13,850	12,986	17,960	17,488
Income before cumulative effect of change in accounting principle	47,706	47,706	21,902	20,534	2,442	1,656
Cumulative effect of change in accounting principle	(2,068)	(919)	--	--	--	--
Net income	$ 45,638	$ 46,787	$ 21,902	$ 20,534	$ 2,442	$ 1,656
Net income per basic share:						
Income before cumulative effect of change in accounting principle	$ 1.15	$ 1.15	$ 0.52	$ 0.49	$ 0.06	$ 0.04
Cumulative effect of change in accounting principle	(0.05)	(0.02)	(0.00)	(0.00)	(0.00)	(0.00)
Net income per basic share	$ 1.10	$ 1.13	$ 0.52	$ 0.49	$ 0.06	$ 0.04
Net income per diluted share:						
Income before cumulative effect of change in accounting principle	$ 1.15	$ 1.15	$ 0.51	$ 0.48	$ 0.06	$ 0.04
Cumulative effect of change in accounting principle	(0.05)	(0.02)	(0.00)	(0.00)	(0.00)	(0.00)
Net income per diluted share	$ 1.10	$ 1.13	$ 0.51	$ 0.48	$ 0.06	$ 0.04
	As of December 31, 2000		As of December 31, 1999		As of December 31, 1998	
Consolidated Balance Sheet Data:						
Deferred charges and other assets	$ 13,212	$ 13,822	$ 19,770	$ 21,106	$ 10,720	$ 11,192
Total assets	$ 357,344	$ 357,954	$ 419,396	$ 420,732	$ 361,798	$ 362,270
Deferred grants	$ 30,143	$ 31,758	$ 21,199	$ 24,689	$ 15,435	$ 16,693
Retained earnings	$ 91,435	$ 90,430	$ 45,797	$ 43,643	$ 23,895	$ 23,109
Shareholders' equity	$ 196,897	$ 195,892	$ 195,387	$ 193,233	$ 159,102	$ 158,316

NOTE 2. SUMMARY OF ACCOUNTING POLICIES

Principles of Consolidation - The consolidated financial statements include the accounts of Sykes and its wholly-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 generally accepted accounting principles requires management 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; however, management does not believe these differences would have a material effect on operating results.

Recognition of Revenue - The Company primarily recognizes its revenue from services as those services are performed under a fully executed contractual agreement. Royalty revenue is recognized at the time royalties are earned and the remaining revenue is recognized on fixed price contracts using the percentage-of-completion method of accounting. Adjustments to fixed price contracts and estimated losses, if any, are recorded in the period when such adjustments or losses are known. Product sales are recognized upon shipment to the customer and satisfaction of all obligations.

NOTE 2. SUMMARY OF ACCOUNTING POLICIES (continued)

The Company recognizes revenue from software and contractually provided rights in accordance with the American Institute of Certified Public Accountants ("AICPA") Statement of Position 97-2, "Software Revenue Recognition" ("SOP 97-2"), as amended by Statement of Position 98-4, "Deferral of the Effective Date of a Provision of SOP 97-2" ("SOP 98-4"), Statement of Position 98-9, "Modification of SOP 97-2, Software Revenue Recognition, With Respect to Certain Transactions" ("SOP 98-9"), and Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB 101"). Revenue is recognized from licenses of the Company's software products and rights when the agreement has been executed, the product or right has been delivered or provided, collectibility is probable and the software license fees or rights are fixed and determinable. Contracts that provide for multiple elements are accounted for pursuant to the above standards. If any portion of the license fees or rights is subject to forfeiture, refund or other contractual contingencies, the Company will postpone revenue recognition until these contingencies have been removed. Sykes generally accounts for consulting services separate from software license fees for those multi-element arrangements where consulting services are a separate element and are not essential to the customer's functionality requirements and there is vendor-specific objective evidence of fair value for these services. Revenue from support and maintenance activities is recognized ratably over the term of the maintenance period and the unrecognized portion is recorded as deferred revenue.

Accounting Change for Revenue Recognition - During the fourth quarter of 2000, the Company adopted SAB 101, which provides guidance on the recognition, presentation and disclosure of revenue in financial statements filed with the Securities and Exchange Commission. Based on criteria established by SAB 101, adopted retroactive to January 1, 2000, the Company modified its accounting treatment for the recognition of revenue as it related to contract services. Revenues, in certain limited situations, that were recognized as services were performed and as the related fees became collectible under agreements between the Company and its customers are deferred until either a final contract or purchase order has been fully executed.

The cumulative effect of the change on prior years resulted in a charge to income of $0.9 million (net of income taxes of $0.6 million) or $0.02 per diluted share, which has been deducted in the determination of income for the year ended December 31, 2000. The effect of this change for the year ended December 31, 2000 was to increase income before cumulative effect of the change in accounting principle by $0.9 million or $0.02 per diluted share. The pro forma amounts presented in the income statement were presented as if the change in accounting principle had been made retroactively to prior periods.

The cumulative effect adjustment of $0.9 million (net of income taxes of $0.6 million) as of January 1, 2000 was recognized in income during the three-month period ended in March 31, 2000.

Cash and Cash Equivalents - Cash and cash equivalents consist of highly liquid short-term investments classified as available for sale as defined under Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Cash in the amount of approximately $9.8 million and $7.3 million was held in taxable interest bearing investments at December 31, 2000 and 1999, respectively, which are classified as available for sale and have an average maturity of approximately 30 days.

Restricted Cash - The financial statements include restricted cash, which is held in conjunction with deposits by customers at December 31, 1999. Included in current liabilities at December 31, 1999 is the related payable.

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 useful lives of the improvements. Cost and related accumulated depreciation on assets retired or disposed of are removed from the accounts and any gains or losses resulting therefrom are credited or charged to income. Depreciation expense was approximately $35.4 million, $30.6 million and $21.0 million, for the years ended December 31, 2000, 1999 and 1998, respectively. Property and equipment includes approximately $40.0 thousand and $2.0 million of additions included in accounts payable at December 31, 2000 and 1999, respectively. Accordingly, these non-cash transactions have been excluded from the accompanying consolidated statements of cash flows for the years ended December 31, 2000 and 1999, respectively.

During 1999 and 1998, the Company capitalized certain costs incurred to internally develop software upon the establishment of technological feasibility. Costs incurred prior to the establishment of technological feasibility were expensed as incurred. Capitalized

NOTE 2. SUMMARY OF ACCOUNTING POLICIES (continued):

internally developed software costs, net of accumulated amortization, were approximately $1.6 million and $2.9 million at December 31, 2000 and 1999, respectively.

Land received from various local and state governmental agencies under grants is recorded at fair value at date of grant. During the years ended December 31, 2000, 1999 and 1998, the Company recorded approximately $1.3 million, $1.1 million and $0.3 million, respectively, in land acquisitions as a result of such grants. Accordingly, these non-cash transactions have been excluded from the accompanying Consolidated Statements of Cash Flows for the years ended December 31, 2000, 1999 and 1998.

Investment in Joint Venture - The Company had a 50% interest in a joint venture (SHPS) that was accounted for using the equity method of accounting. Accordingly, the Company recorded its proportionate share of the gains and losses of the joint venture in the results of operations for the first eight months of 1998. Effective September 1, 1998, the Company acquired the remaining 50% equity interest in this joint venture (See Note 3).

Intangible Assets - Intangible assets primarily consist of the excess of costs over fair market value of the net assets of the acquired business of $8.7 million and $65.5 million at December 31, 2000 and 1999, respectively, net of accumulated amortization of $4.7 million and $17.6 million, respectively. Also included in intangible assets are existing technologies and covenants not to compete arising from business acquisitions of $0.2 million and $11.3 million at December 31, 2000 and 1999, respectively, net of accumulated amortization of $0.7 million and $5.1 million, respectively. The intangible assets are stated at cost and are being amortized on a straight-line basis over periods ranging from 10 to 20 years for the excess of costs over fair value of the net assets of the acquired business, and two to five years for the existing technologies and covenants not to compete. Amortization expense was approximately $4.0 million, $6.0 million and $1.7 million for the years ended December 31, 2000, 1999 and 1998, respectively.

Impairment of Long-lived Assets - The Company reviews long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of property and equipment is measured by comparison of its carrying amount to undiscounted future net cash flows the property and equipment are expected to generate. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount that the carrying amount of the property and equipment exceeds its fair market value, as determined by discounted cash flows. Sykes assesses the recoverability of goodwill by determining whether the unamortized goodwill balance can be recovered through undiscounted future results of the acquired operation. The amount of goodwill impairment, if any, is measured based on projected discounted future results using a discount rate reflecting the Company's average cost of funds. During 1999, the Company recorded an impairment loss of approximately $6.0 million related to software and computer equipment.

Income Taxes - Sykes uses the asset and liability method of accounting for income taxes. Deferred income taxes are recorded to reflect the tax consequences on future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income.

Deferred Grants - Recognition of income associated with grants of land and the acquisition of property, buildings and equipment 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 included within general and administrative costs over the corresponding useful lives of the related assets. Any excess amounts over 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. Amortization of the deferred grants that is included in income was approximately $2.6 million, $1.2 million and $0.6 million for the years ended December 31, 2000, 1999 and 1998, respectively.

Deferred Revenue - The Company invoices certain contracts in advance. The deferred revenue is earned over the life of the respective contract, which range from six months to three years.

NOTE 2. SUMMARY OF ACCOUNTING POLICIES (continued):

Comprehensive Income - Effective January 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 130 "Reporting Comprehensive Income" ("SFAS No. 130"), which requires all items that are required to be recognized under accounting standards as components of other comprehensive income be reported in the financial statements.

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, accounts receivable and accounts payable. The carrying amount reported in the balance sheet for cash, accounts receivable and accounts payable approximates their fair value.

- Long-term Debt. The fair value of the Company's long-term debt, including the current portion thereof, is estimated based on the quoted market price for the same or similar types of borrowing arrangements. The carrying value of the Company's long-term debt approximates fair value because the debt bears variable interest rates.

Non-monetary Transaction - During 1998, the Company sold a software license in exchange for convertible preferred stock in a privately held corporation ("Kyrus"). The convertible preferred stock has a fair market value of $5.5 million, which represented the sales price recorded by the Company (See Note 16). The cost of this security is included in the Consolidated Balance Sheet under the caption "Deferred charges and other assets" at December 31, 2000 and 1999, respectively.

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, which is reflected as a separate component of shareholders' equity. Foreign currency transactional gains and losses are included in determining net income. Such gains and losses are not material for any period presented.

Recent Accounting Pronouncements - In June 1998, the Financial Accounting Standards Board (the "FASB") issued Statement of Financial Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"). SFAS No. 133 establishes accounting and reporting standards for derivative financial instruments and hedging activities and requires the Company to recognize all derivatives as either assets or liabilities on the balance sheet and measure them at fair value. Gains and losses resulting from changes in fair value would be accounted for depending on the use of the derivative and whether it is designated and qualifies for hedge accounting. This statement is effective for financial statements beginning in 2001. Sykes does not anticipate that the adoption of this SFAS No. 133 will have a significant effect on its results of operations or financial position.

Reclassifications - Certain amounts from prior years have been reclassified to conform to the current year's presentation.

NOTE 3. ACQUISITIONS AND DISPOSITIONS

On August 20, 1999, the Company acquired all of the common stock of CompuHelpline, Inc., (d/b/a PC Answer) for approximately $340 thousand consisting of $40 thousand of cash and approximately 12 thousand shares of the Company's common stock. PC Answer was engaged in developing, marketing and selling prepaid technical computer support cards and services under the trademark names of PC Answer and MAC Answer. The transaction was accounted for under the purchase method of accounting with resulting goodwill being amortized over a ten-year life. Pro forma information is not presented as the operating results of PC Answer are not material to the Company's consolidated operations.

Effective August 31, 1999, the Company acquired all of the common stock of Acer Servicios de Informacion Sociedad Anonima ("AIS") of Heredia, Costa Rica for $6.0 million in cash. AIS operated an information technology call center that provided technical support and services to customers in North America and Central America. The transaction was accounted for under the purchase method of accounting with resulting goodwill being amortized over a ten-year life. Pro forma information is not presented, as the operating results of AIS are not material to the Company's consolidated operations.

NOTE 3. ACQUISITIONS AND DISPOSITIONS (continued)

Effective October 12, 1999, the Company acquired the AnswerExpress Support Suite for $2.5 million in cash. The transaction was accounted for under the purchase method of accounting with resulting goodwill being amortized over a ten-year life. Pro forma information is not presented as the operating results of AnswerExpress are not material to the Company's consolidated operations.

Effective September 1, 1998, the Company acquired the remaining 50% of the outstanding common stock of SHPS, Incorporated ("SHPS") for $28.1 million plus the assumption of SHPS' debt. The transaction was accounted for under the purchase method of accounting and accordingly, the results of operations for the period September 1, 1998 to December 31, 1998, have been included in the accompanying financial statements. The unaudited pro forma combined historical results, as if SHPS had been acquired on January 1, 1998, are estimated to be revenues of $491.8 million, net loss of $11.5 million and basic and diluted loss per share of $0.27 for the year ended December 31, 1998. The purchase price was allocated to the assets and liabilities of SHPS based on fair values at the date of acquisition. In connection with the acquisition of SHPS, the Company determined the acquired in-process technology had no present or future technological feasibility. Accordingly, the Company recorded a charge for the amount of the purchase price allocated to the acquired in-process research and development of $14.5 million. This charge is reflected in the accompanying Consolidated Statement of Income for the year ended December 31, 1998.

On June 30, 2000, the Company sold 93.5% of its ownership interest in SHPS for approximately $165.5 million cash. The cash proceeds reflected in the Statement of Cash Flows for 2000 is net of approximately $0.7 million used to retire other debt and approximately $5.0 million of cash recorded on SHPS' balance sheet on the date of the sale. The sale of SHPS resulted in a gain for financial reporting purposes of approximately $84.0 million ($59.9 million net of taxes). The Consolidated Statement of Income for 2000 includes the results of SHPS through June 30, 2000, its disposition date. SHPS generated revenue and income from operations during 2000 of $35.7 million and $1.7 million, respectively, for the year ended December 31, 2000 compared to $73.0 million and $5.9 million for the year ended 1999, exclusive of compensation expense associated with the exercise of options.

NOTE 4. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of trade receivables. With the exception of $5.5 million of convertible preferred stock, included in other assets, the Company's credit concentrations are limited due to the wide variety of customers and markets in which the Company's services are sold.

NOTE 5. RECEIVABLES

Receivables consist of the following (in thousands):

	December 31,	
	2000	1999
Trade accounts receivable	$135,380	$110,551
Unbilled accounts receivable	983	9,470
Notes from officers	412	542
Other	6,094	8,354
	142,869	128,917
Less allowance for doubtful accounts	7,260	2,440
	$135,609	$126,477

NOTE 6. PROPERTY AND EQUIPMENT

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

	December 31, 2000	December 31, 1999
Land	$ 6,365	$ 5,114
Buildings and leasehold improvements	54,132	41,171
Equipment, furniture and fixtures	178,630	172,270
Capitalized software development costs	1,644	2,896
Transportation equipment	135	448
Construction in progress	12,188	16,291
	253,094	238,190
Less accumulated depreciation	101,252	103,434
	$151,842	$134,756

NOTE 7. MARKETABLE SECURITIES

During 1997, the Company purchased SystemSoft Corp. common stock in conjunction with a strategic technology exchange agreement between the parties that had an original cost basis of $8.0 million. In accordance with Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities," the investment is classified as available-for-sale securities. During 1998, the Company wrote-down its investment in SystemSoft Corp. by approximately $7.3 million due to a significant reduction in its market value, which was determined to be other than temporary. The remaining investment was written off in 2000.

NOTE 8. DEFERRED CHARGES AND OTHER ASSETS

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

	December 31, 2000	December 31, 1999
Convertible preferred stock	$ 5,500	$ 5,500
Non-current deferred tax asset, net	4,911	11,688
Other	3,411	3,918
	$13,822	$21,106

NOTE 9. ACCRUED EMPLOYEE COMPENSATION AND BENEFITS

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

	December 31, 2000	December 31, 1999
Accrued compensation	$22,650	$12,763
Accrued employment taxes	2,762	7,229
Accrued vacation	4,012	2,742
Other	3,322	1,472
	$32,746	$24,206

NOTE 10. OTHER ACCRUED EXPENSES AND CURRENT LIABILITIES

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

	December 31, 2000	December 31, 1999
Deferred revenue, current	$ 2,655	$ 3,839
Accrued roadside assistance claim costs	2,161	1,427
Accrued telephone charges	2,093	2,213
Accrued legal and professional fees ...	1,490	811
Accrued interest	56	213
Other	9,026	8,656
	$17,481	$17,159

NOTE 11. LONG-TERM DEBT

Long-term debt consists of the following (in thousands):

	December 31, 2000	December 31, 1999
Syndicated credit facility, $150.0 million maximum, due February 2003, interest payable quarterly, the facility is guaranteed by a pledge of 66% of common stock of certain subsidiaries	$ --	$80,000
Syndicated multi-currency credit facility, $15.0 million maximum, due February 2002, interest payable in accordance with the terms of the individual promissory notes outstanding; the facility is guaranteed by a pledge of 66% of common stock of certain subsidiaries	8,759	2,284
Notes payable and capital leases, principal and interest payable in monthly installments through December 2002, interest at varying rates up to prime plus 1 percent, collateralized by certain equipment	100	1,005
Total debt	8,859	83,289
Less current portion	100	3,236
Long-term debt	$8,759	$80,053

Principal maturities of total debt as of December 31, 2000 are as follows (in thousands):

Year	Total Amount
2001	$ 100
2002	8,759
	$8,859

On May 2, 2000, the Company amended and restated its existing syndicated credit facility with a syndicate of lenders (the "Amended Credit Facility"). Pursuant to the terms of the Amended Credit Facility, the amount of the Company's revolving credit facility was maintained at $150.0 million. The $150.0 million Amended Credit Facility includes a $10.0 million swingline loan to be used for working capital purposes. In addition, the Company amended and restated its $15.0 million multi-currency credit facility that provides for multi-currency lending. Borrowings under the Amended Credit Facility bear interest, at the Company's option, at (a) the lender's base rate plus an applicable margin of up to 0.25% or (b) a Euro rate plus an applicable margin of up to 1.75%. Borrowings under the $10.0 million swingline loan bear interest, at the Company's option, at (a) the lender's base rate plus an applicable margin of up to 0.25% or (b) a Quoted Rate for swingline loans. Borrowings under the $15.0 million multi-currency facility bear interest, at the Company's option, at (a) the lender's base rate plus an applicable margin of up to 0.25% or (b) a quoted Euro rate for swingline loans. The Company paid aggregate financing fees of approximately $0.3 million, which have been deferred and are being amortized over the term of the Amended Credit Facility. In addition, a commitment fee up to 0.375% will be charged on the unused portion of the Amended Credit Facility on a quarterly basis. The Amended Credit Facility matures on February 28, 2003, and the multi-currency facility matures on February 28, 2002. Borrowings under the Amended Credit Facility are guaranteed by certain of the Company's subsidiaries as evidenced by a pledge of 66% of the respective subsidiary's common stock. Under the terms of the Amended Credit Facility, the Company is required to maintain certain financial ratios and other financial and non-financial conditions. The Amended Credit Facility prohibits, without the consent of the syndicated lenders, the Company from incurring additional indebtedness, limits certain investments, advances or loans and restricts substantial asset sales, capital expenditures and cash dividends. At December 31, 2000, the Company was in compliance with all loan requirements.

NOTE 12. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Sykes presents data in the Consolidated Statements of Changes in Shareholders' Equity in accordance with SFAS No. 130, "Reporting Comprehensive Income." SFAS No. 130 establishes rules for the reporting of comprehensive income and its components. The components of other accumulated comprehensive income are as follows (in thousands):

	Unrealized Loss on Securities	Foreign Currency Translation	Accumulated Other Comprehensive Income (Loss)
Balance at January 1, 1998	$ (735)	$ (2,859)	$ (3,594)
Foreign currency translation adjustment	--	1,452	1,452
Unrealized loss on securities	(6,600)	--	(6,600)
Less: Reclassification adjustment for loss realized in net income	7,335	--	7,335
Balance at December 31, 1998	--	(1,407)	(1,407)
Foreign currency translation adjustment	--	(4,453)	(4,453)
Balance at December 31, 1999	--	(5,860)	(5,860)
Foreign currency translation adjustment	--	(8,222)	(8,222)
Balance at December 31, 2000	$ --	$(14,082)	$(14,082)

Earnings associated with the Company's investment in its foreign subsidiaries are considered to be permanently invested and no provision for United States federal and state income taxes on those earnings or translation adjustments has been provided.

NOTE 13. INCOME TAXES

The components of income before provision for income taxes are as follows (in thousands):

	Years Ended December 31,		
	2000	1999	1998
Domestic	$43,797	$14,816	$ 2,751
Foreign	25,100	18,704	16,393
Total income before income taxes	$68,897	$33,520	$19,144

Provision for income taxes consists of the following (in thousands):

	Years Ended December 31,		
	2000	1999	1998
Current:			
Federal	$ 14,507	$ 6,856	$ 14,365
State	2,412	1,225	2,338
Foreign	7,875	12,306	8,889
Total current provision for income taxes	24,794	20,387	25,592
Deferred:			
Federal	(4,306)	(1,088)	(5,564)
State	(716)	(420)	(883)
Foreign	1,419	(5,893)	(1,657)

Total deferred provision for income taxes	(3,603)	(7,401)	(8,104)
Total provision for income taxes ..	$ 21,191	$ 12,986	$ 17,488

NOTE 13. INCOME TAXES (continued)

The components of the net deferred tax asset (liability) are as follows (in thousands):

	December 31, 2000	December 31, 1999
Domestic current:		
Deferred tax asset:		
Accrued expenses	$ 10,225	$ 1,589
Deferred compensation	--	96
Bad debt reserve	1,543	700
Valuation allowance	(1,819)	--
Other	11	8
Total current deferred tax asset	9,960	2,393
Deferred tax liability:		
Prepaid expenses	(240)	(290)
Other	(925)	(925)
Total current deferred tax liability	(1,165)	(1,215)
Net domestic current deferred tax asset	8,795	1,178
Foreign current:		
Deferred tax asset:		
Net operating loss carry-forward	1,815	1,470
Valuation allowance	(1,815)	(1,240)
Total foreign current deferred tax asset	--	230
Net current deferred tax asset, included in prepaid expenses and other current assets	$ 8,795	$ 1,408
Domestic non-current:		
Deferred tax asset:		
Unrealized loss on security	$ 1,736	$ 3,009
Intangible assets	920	5,171
Deferred revenue	864	3,072
Net operating loss carry-forward	83	83
Valuation allowance	(348)	(2,894)
Other	265	265
Total non-current deferred tax asset	3,520	8,706
Deferred tax liability:		
Property and equipment	(2,477)	(1,188)
Intangible assets	--	(1,919)
Other	(734)	--
Total non-current deferred tax liability	(3,211)	(3,107)
Net domestic non-current deferred tax asset (liability)	309	5,599
Foreign non-current:		
Deferred tax asset:		
Intangible assets	1,312	4,058
Deferred revenue	5,628	3,391
Total non-current deferred tax asset	6,940	7,449
Deferred tax liability:		
Property and equipment	(1,342)	(866)
Untaxed reserve	(996)	(494)

Total non-current deferred tax liability	(2,338)	(1,360)
Net foreign non-current deferred tax asset	4,602	6,089
Net non-current deferred tax asset, included in deferred charges and other assets	$ 4,911	$ 11,688

NOTE 13. INCOME TAXES (continued)

The Company has not recorded deferred income taxes applicable to undistributed earnings of foreign subsidiaries that are indefinitely reinvested in foreign operations. Undistributed earnings amounted to approximately $59.5 million at December 31, 2000, excluding amounts, which, if remitted, generally would result in minimal additional U.S. income taxes because of available foreign tax credits. If the earnings of such foreign subsidiaries were not indefinitely reinvested, a deferred tax liability of approximately $7.5 million would have been required.

At December 31, 2000, the Company's French subsidiary had an operating loss carryforward of approximately $4.2 million that expires through the year 2006.

The following summarizes the principal differences between income taxes at the federal statutory rate and the effective income tax amounts reflected in the financial statements (in thousands):

	Years Ended December 31,		
	2000	1999	1998
Statutory tax	$ 24,113	$ 11,732	$ 6,700
State income taxes, net of federal tax benefit	877	521	638
Effect of foreign income not subject to federal and state income tax	(3,017)	9	(162)
In-process research and development	--	--	5,064
Valuation on unrealized loss on marketable security	(2,546)	--	3,000
Valuation on net operating loss carry-forward	3,412	430	704
Non-deductible amortization	410	514	63
Loss from joint venture	--	--	1,382
Foreign taxes, net of foreign income not taxed in the United States	5,647	(1,468)	(565)
Tax basis difference on sale of equity interest in SHPS, Incorporated	(7,280)	--	--
Permanent differences	296	440	359
Other	(721)	808	305
Total provision for income taxes	$ 21,191	$ 12,986	$ 17,488

The Company is currently under examination by the Internal Revenue Service for the tax years ended July 31, 1999 and 1998. In the opinion of management, any liability that may arise from the prior period as a result of the examination will not have a material effect on the Company's financial condition, results of operations, or cash flows.

NOTE 14. RESTRUCTURING AND OTHER CHARGES

The Company recorded restructuring and other charges during the second and fourth quarters of 2000 totaling $30.5 million. Related to the second quarter restructuring and other charges totaling $9.6 million, the Company consolidated several European and one U.S. distribution and fulfillment center and closed or consolidated six professional services offices. As a result of the second quarter restructuring, the Company reduced the number of employees by 157 during 2000 and expects the remaining lease obligations related to the closed facilities to be completed by June 2001. Included in the second quarter restructuring and other charges is a $3.5 million lease termination payment related to the corporate aircraft.

The Company also announced, after a comprehensive review of operations, its decision to exit certain non-core lower margin businesses to reduce costs, improve operating efficiencies and focus on its core competencies of technical support, customer service and consulting solutions. As a result, the Company recorded $20.9 million in restructuring and other charges during the fourth quarter of 2000 related to the closure of its U.S. fulfillment and distribution operations, the consolidation of its Tampa, Florida technical support center into its Charlotte, North Carolina center and the exit of its worldwide localization operations. In connection with the fourth quarter restructuring, the Company plans to reduce the number of employees by 250. The Company expects to substantially complete the workforce reduction by March 2001 and any remaining lease obligations related to the closed facilities by December 2001. Included in the restructuring and other charges is a $2.4 million severance payment related to the employment contract of the Company's former President.

NOTE 14. RESTRUCTURING AND OTHER CHARGES (continued)

The Company estimates it may achieve up to approximately $12.0 million in annualized savings related to the closed operations included in the second and fourth quarter restructurings.

The major components of restructuring and other charges for the year ended December 31, 2000 are as follows (in thousands):

	Restructuring	Other	Total
Severance and related costs	$ 1,614	$ 2,360	$ 3,974
Lease termination costs	1,765	3,639	5,404
Write-down of property and equipment	14,088	103	14,191
Write-down of intangible assets	6,086	--	6,086
Other	813	--	813
	$24,366	$ 6,102	$30,468

A summary of the restructuring and other charges activity is as follows (in thousands):

	Restructuring	Other	Total
Balance established in 2000	$ 24,366	$ 6,102	$ 30,468
Reduction in workforce cash outflows	(912)	--	(912)
Lease termination cash payments	(477)	(3,639)	(4,116)
Non-cash write-down and reserve of property and equipment	(14,088)	(103)	(14,191)
Non-cash write-down and reserve of intangible assets	(6,086)	--	(6,086)
Other cash outflows	(95)	--	(95)
Balance remaining at December 31, 2000	$ 2,708	$ 2,360	$ 5,068

NOTE 15. 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 options using the treasury stock method.

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

	Years Ended December 31,		
	2000	1999	1998
Basic:			
Weighted average common shares outstanding	41,518	42,045	41,258
Total weighted average basic shares outstanding	41,518	42,045	41,258
Diluted:			
Dilutive effect of stock options	127	950	1,030
Total weighted average diluted shares outstanding	41,645	42,995	42,288

NOTE 16. COMMITMENTS AND CONTINGENCIES

The Company leases certain equipment and buildings under operating leases having terms ranging from one to twenty-two years. The building leases contain up to two five-year renewal options. Rental expense under operating leases for the years ended December 31, 2000, 1999 and 1998 was approximately $17.4 million, $16.7 million, and $11.2 million, respectively.

NOTE 16. COMMITMENTS AND CONTINGENCIES (continued)

The following is a schedule of future minimum rental payments under operating leases having a remaining non-cancelable term in excess of one year subsequent to December 31, 2000 (in thousands):

Year	Total Amount
2001	$ 10,826
2002	7,706
2003	5,600
2004	3,724
2005	2,510
Thereafter	23,374
Total minimum payments required	$ 53,740

The Company is aware of sixteen purported class action lawsuits that have been filed against Sykes and certain of its officers alleging violations of federal securities laws. All of the actions have been consolidated into one case which is pending in the United States District Court for the Middle District of Florida. The plaintiffs purport to assert claims on behalf of a class of purchasers of Sykes common stock during the period from July 27, 1998 through September 18, 2000. The consolidated action claims violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. Among other things, the consolidated action alleges that during 2000, 1999 and 1998, the Company and certain of its officers made materially false statements concerning the Company's financial condition and its future prospects. The consolidated complaint also claims that certain of the Company's quarterly financial statements during 1999 and 1998 were not prepared in accordance with generally accepted accounting principles. The consolidated action seeks compensatory and other damages, and costs and expenses associated with the litigation. The Company believes these claims are without merit and intends to defend the actions vigorously.

The Company is also aware of a lawsuit filed by Kyrus that asserts functionality issues associated with software that Kyrus had licensed from the Company. At the time of the software license, the Company and Kyrus entered into an agreement which provided for a return of a portion of the convertible preferred stock transferred to the Company in consideration of the license in the event that revenues generated by Kyrus from the software did not reach agreed upon levels. In this lawsuit, Kyrus claims that revenues from the software did not meet the minimum levels agreed upon and that Kyrus is therefore entitled to a return of the convertible preferred stock having a fair value of $4.5 million at the time of the software license. The Company has not recorded the convertible preferred stock subject to the contingency in the accompanying Consolidated Balance Sheets as of December 31, 2000 and 1999. Therefore, in the event the Company is required to return the preferred stock to Kyrus, the return will not impact the Company's financial position or results of operations. This litigation is currently pending in the Court of Common Pleas for Greenville County, South Carolina. This lawsuit is in the very early stages and formal discovery has not yet begun. The Company intends to vigorously defend this lawsuit.

Although the Company intends to vigorously defend these lawsuits, it cannot predict their outcome or the impact they may have on the Company. The Company also cannot predict whether any other suits, claims, or investigations may arise in the future based on the same claims. The outcome of any of these lawsuits or any future lawsuits, claims, or investigations relating to the same subject matter may have a material adverse impact on the Company's financial condition and results of operations.

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 provided adequate accruals for related costs such that the ultimate outcome will not have a material adverse effect on the Company's future financial position.

NOTE 17. EMPLOYEE BENEFIT PLAN

The Company maintains a 401(k) plan covering defined employees who meet established eligibility requirements. Under the original plan provisions, the Company matched 25% of participant contributions to a maximum matching amount of 1% of participant compensation. During 1997, the Company increased the 401(k) matching provision to 50% of participating contributions to a maximum matching amount of 2% of participant compensation. The Company contribution was approximately $0.9 million, $0.8 million and $0.6 million for the years ended December 31, 2000, 1999 and 1998, respectively. In addition, two of the Company's subsidiaries maintained separate defined contribution plans, one of which was merged into the Company's 401(k) plan effective January 1, 1998 and the second one was terminated with the Company's sale of SHPS, Incorporated. The combined contributions made to these plans were approximately $0.2 million, $0.1 million, and $0.2 million for the years ended December 31, 2000, 1999 and 1998, respectively.

NOTE 18. STOCK OPTIONS

1996 Employee Stock Option Plan - The Company's 1996 Employee Stock Option Plan (the "Employee Plan") permits the granting of incentive or non-qualified stock options to purchase up to approximately 2.625 million shares of the Company's common stock at not less than the fair value at the time the options are granted. All options granted under the Employee Plan expire if not exercised by the tenth anniversary of their grant date with the exception of outstanding options converted pursuant to the acquisition of McQueen consistent with pooling-of-interests rules and expire five years from grant date. Certain other officers and employees hold options to purchase additional shares of common stock at a range of $0.03 to $30.76 per share that vest ratably over the three-year period following the date of grant, except for approximately 360 thousand options associated with the outstanding options from the acquisition of McQueen which are immediately exercisable. Transactions related to the 1996 Employee Stock Option Plan are summarized as follows (in thousands):

	Shares	Weighted Average Exercise Price
Outstanding at January 1, 1998.	1,374	$ 16.67
(Exercisable: 391 at $11.02)		
Granted....................	682	$ 21.46
Exercised..................	(329)	$ 3.14
Expired or terminated......	(313)	$ 23.91
Outstanding at December 31, 1998	1,414	$ 20.05
(Exercisable: 344 at $19.49)		
Granted....................	860	$ 23.50
Exercised..................	(677)	$ 17.71
Expired or terminated......	(320)	$ 22.70
Outstanding at December 31, 1999	1,277	$ 22.90
(Exercisable: 365 at $20.99)		
Granted....................	373	$ 18.84
Exercised..................	(75)	$ 21.18
Expired or terminated......	(933)	$ 21.21
Outstanding at December 31, 2000	642	$ 23.19
(Exercisable: 326 at $23.66)		
Options available for future grant........................	712	

The following table further summarizes information about the 1996 Employee Stock Option Plan at December 31, 2000:

Range Of Exercise Prices	Number Outstanding At Dec. 31, 2000 (in thousands)	Weighted Average Remaining Life	Weighted Average Exercise Price	Number Exercisable At Dec. 31, 2000 (in thousands)	Weighted Average Exercise Price
$ 0.03 to $1.24	1	2.0	$ 0.90	1	$ 0.90
$8.00	8	5.3	$ 8.00	8	$ 8.00
$13.23 to $30.76	633	8.0	$ 23.44	317	$ 24.16
Total	642	7.9	$ 23.19	326	$ 23.66

NOTE 18. STOCK OPTIONS (continued)

1996 Non-Employee Director Stock Option Plan - The Company's 1996 Non-Employee Director Stock Option Plan (the "Non-Employee Plan") permits the granting of non-qualified stock options to purchase up to 431 thousand shares of the Company's common stock to members of the Board of Directors who are not employees of the Company. Each outside director will receive options to purchase 5 thousand shares of common stock on the first day of each calendar year. Also, on the date on which a new outside director is first elected or appointed, he or she automatically will be granted options to purchase 5 thousand shares of common stock. All options granted will have an exercise price equal to the then fair market value of the common stock. All options granted under the Non-Employee Plan expire if not exercised by the tenth anniversary of their grant date.

Transactions related to the 1996 Non-Employee Director Stock Option Plan are summarized as follows (in thousands):

	Shares	Weighted Average Exercise Price
Outstanding at January 1, 1998.	73	$ 16.56
(Exercisable: none)		
Granted....................	40	$ 20.44
Exercised..................	(7)	$ 8.00
Expired or terminated......	--	$ --
Outstanding at December 31, 1998	106	$ 18.53
(Exercisable: 39 at $16.67)		
Granted....................	35	$ 23.81
Exercised..................	(8)	$ 8.00
Expired or terminated......	--	$ --
Outstanding at December 31, 1999	133	$ 20.58
(Exercisable: 66 at $18.79)		
Granted....................	67	$ 15.01
Exercised..................	(15)	$ 19.03
Expired or terminated......	(5)	$ 23.81
Outstanding at December 31, 2000	180	$ 18.53
(Exercisable: 81 at $19.90)		
Options available for future grant.......................	195	

The following table further summarizes information about the 1996 Non-Employee Director Stock Option Plan at December 31, 2000:

Range Of Exercise Prices	Number Outstanding At Dec. 31, 2000 (in thousands)	Weighted Average Remaining Life	Weighted Average Exercise Price	Number Exercisable At Dec. 31, 2000 (in thousands)	Weighted Average Exercise Price
$ 4.48	15	9.8	$ 4.48	--	$ ---
$ 8.00	12	5.3	$ 8.00	13	$ 8.00
$ 13.53	8	9.5	$ 13.53	--	$ ---
$ 18.39	5	7.2	$ 18.39	3	$ 18.39
$ 18.76	45	9.3	$ 18.76	--	$ ---
$ 20.74	30	7.3	$ 20.74	20	$ 20.74
$ 22.23	30	6.4	$ 22.23	30	$ 22.23
$ 23.81	30	8.3	$ 23.81	10	$ 23.81
$ 25.42	5	6.4	$ 25.42	5	$ 25.42
Total	180	8.0	$ 18.53	81	$ 19.90

NOTE 18. STOCK OPTIONS (continued)

1997 Management Incentive Stock Option Plan - The Company's 1997 Management Incentive Stock Option Plan (the "Management Incentive Plan") permits the granting of non-qualified stock options to purchase up to approximately 4.0 million shares of the Company's common stock at not less than the fair value at the time the options are granted. At December 31, 2000, 1999 and 1998, no options granted were exercisable. All options granted under the Management Incentive Plan expire if not exercised by the tenth anniversary of their grant date.

Transactions related to the 1997 Management Incentive Stock Option Plan are summarized as follows (in thousands):

	Shares	Weighted Average Exercise Price
Outstanding at January 1, 1998	--	$ --
Granted	770	$ 21.19
Exercised	--	$ --
Expired or terminated	--	$ --
Outstanding at December 31, 1998	770	$ 21.19
Granted	155	$ 29.96
Exercised	--	$ --
Expired or terminated	(405)	$ 20.00
Outstanding at December 31, 1999	520	$ 24.73
Granted	1,594	$ 18.29
Exercised	--	$ --
Expired or terminated	(526)	$ 20.83
Outstanding at December 31, 2000	1,588	$ 19.56
Options available for future grant	2,412	

The following table further summarizes information about the 1997 Management Incentive Stock Option Plan at December 31, 2000:

Range Of Exercise Prices	Number Outstanding At Dec. 31, 2000	Weighted Average Remaining Life	Weighted Average Exercise Price	Number Exercisable At Dec. 31, 2000	Weighted Average Exercise Price
	(in thousands)			(in thousands)	
$ 16.24	60	9.2	$ 16.24	--	$--
$ 18.00	1,163	9.2	$ 18.00	--	$--
$ 18.93	20	7.7	$ 18.93	--	$--
$ 19.88	50	7.9	$ 19.88	--	$--
$ 20.00	70	7.3	$ 20.00	--	$--
$ 23.50	40	8.7	$ 23.50	--	$--
$ 26.58	30	8.0	$ 26.58	--	$--
$ 29.21	80	8.4	$ 29.21	--	$--
$ 30.76	75	8.1	$ 30.76	--	$--
Total	1,588	8.9	$ 19.56	--	$--

NOTE 18. STOCK OPTIONS (continued)

2000 Stock Option Plan - The Company's 2000 Stock Option Plan (the "2000 Plan") permits the granting of incentive stock options to purchase up to 4.0 million shares of the Company's common stock to certain employees of the Company at not less than the fair market value at the time the options are granted. All options granted under the 2000 Plan expire if not exercised by a fixed expiration date, which is no later than the tenth anniversary of their grant date.

Transactions related to the 2000 Plan are summarized as follows (in thousands):

	Shares	Weighted Average Exercise Price
Outstanding at January 1, 2000.	--	$ --
Granted.....................	1,081	$ 6.85
Exercised...................	--	$ --
Expired or terminated.......	(16)	$ 13.46
Outstanding at December 31, 2000...........................	1,065	$ 6.75
Exercisable: None		
Options available for future grant..........................	2,935	

The following table further summarizes information about the 2000 Stock Option Plan at December 31, 2000:

Range Of Exercise Prices	Number Outstanding At Dec. 31, 2000 (in thousands)	Weighted Average Remaining Life	Weighted Average Exercise Price	Number Exercisable At Dec. 31, 2000 (in thousands)	Weighted Average Exercise Price
$ 4.05	715	9.8	$ 4.05	--	$--
$ 4.32 to $5.94	65	9.9	$ 4.95	--	$--
$11.28 to $14.31	271	9.6	$ 13.68	--	$--
$17.68 to $20.17	14	9.4	$ 18.92	--	$--
Total	1,065	9.8	$ 6.75	--	$--

Employee Stock Purchase Plan - Sykes' Employee Stock Purchase Plan (the "ESPP") allows eligible employee participants to purchase shares of the Company's common stock at a discount through payroll deductions. The ESPP, which qualifies under Code Section 423 of the Internal Revenue Code of 1986, was adopted by the Company's Board of Directors on April 1, 1999 and approved by the shareholders. Pursuant to the ESPP, Sykes reserved 1.0 million shares of its common stock for issuance.

Under the ESPP, eligible employees may purchase the Company common stock at 87.5% of the market price on the last day of the offering period. The maximum each employee may purchase within an offering period shall not exceed $6.25 thousand in market value of Company common stock. The Company will typically have four three-month offering periods each year.

The weighted average fair value share price of the purchase rights granted under the ESPP during the year ended December 31, 2000 was $7.29. For the years ended December 31, 2000 and 1999, 85 thousand and 16 thousand, respectively, of such shares were purchased and 899 thousand shares remain available for future issuance.

The Company has adopted the disclosure only provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock Based Compensation" but applies Accounting Principles Board Opinion No. 25 and related interpretations in accounting for its plans. Therefore, no compensation expense has been recognized for stock options granted at fair market value under its plans.

NOTE 18. STOCK OPTIONS (continued)

If the Company had elected to recognize compensation expense for stock options based on the fair value at grant date, consistent with the method prescribed by SFAS No. 123, net income and earnings per share would have been reduced to the pro forma amounts as follows (in thousands except per share amounts):

	Years Ended December 31,		
	2000	1999	1998
Net income as reported	$ 46,787	$ 20,534	$ 1,656
Pro forma net income (loss) as prescribed by SFAS 123	41,729	13,091	(4,125)
Net income per diluted share as reported	1.13	0.48	0.04
Pro forma net income (loss) per diluted share as prescribed by SFAS 123	1.00	0.30	(0.10)

The pro forma amounts were determined using the Black-Scholes valuation model with the following key assumptions: (i) a discount rate of 6.2 percent for 2000, a discount rate of 6.1 percent for 1999, and a discount rate of 6.0 percent for 1998; (ii) a volatility factor of 82.67 percent based upon the average trading price of the Company's common stock since it began trading on the Nasdaq National Market; (iii) no dividend yield; and (iv) an average expected option life of five years (three years for the ESPP) for 2000 and an average expected option life of four years (two years for the ESPP) for 1999 and 1998. In addition, the pro forma amount for 2000 and 1999 includes approximately $189 thousand and $88 thousand, respectively, related to purchase discounts offered under the ESPP (none for 1998).

NOTE 19. SEGMENTS AND GEOGRAPHIC INFORMATION

On June 13, 2000, the Company announced its initiatives to strategically focus its operations into two business segments entitled Business Services and Business Solutions. These segments are consistent with the Company's management of these businesses and generally reflect its financial reporting structure and operating focus. The Business Services group represents approximately 91% of the Company's consolidated revenue for 2000 and is comprised of the Company's technical and customer support and distribution and fulfillment segments. These services are delivered through multiple communication channels encompassing phone, e-mail, web, and chat. The Business Solutions group, which represents approximately 9% of the Company's consolidated revenue for 2000, provides professional services in e-commerce and customer relationship management (CRM) with a focus on business strategy development, project management, business process redesign, change management, knowledge management, education, training and web development.

NOTE 19. SEGMENTS AND GEOGRAPHIC INFORMATION (continued)

The following table presents information about the Company's reportable segments, as revised to reflect the change from a single segment in 1999 and 1998 to two (2) segments (in thousands):

	Business Services(2)	Business Solutions	Other(1)	Consolidated Total
For the Year Ended December 31, 2000 (restated):				
Revenue	$550,920	$52,686	$ --	$603,606
Depreciation and amortization	$ 35,828	$ 1,001	$ --	$ 36,829
Income (loss) from operations, before compensation expense associated with exercise of options and restructuring and other charges	$ 26,522	$ (526)	$ --	$ 25,996
Compensation expense associated with exercise of options			(7,836)	(7,836)
Restructuring and other charges			(30,468)	(30,468)
Other income (expense)			81,205	81,205
Provision for income taxes			(21,191)	(21,191)
Cumulative effect of change in accounting principle			(919)	(919)
Net income				$ 46,787
For the Year Ended December 31, 1999 (restated):				
Revenue	$521,967	$50,775	$ --	$572,742
Depreciation and amortization	$ 36,841	$ 729	$ --	$ 37,570
Income (loss) from operations, before impairment of long-lived assets	$ 44,386	$(1,370)	$ --	$ 43,016
Impairment of long-lived assets			(5,979)	(5,979)
Other income (expense)			(3,517)	(3,517)
Provision for income taxes			(12,986)	(12,986)
Net income				$ 20,534
For the Year Ended December 31, 1998 (restated):				
Revenue	$388,746	$71,356	$ --	$460,102
Depreciation and amortization	$ 22,230	$ 859	$ --	$ 23,089
Income from operations, before acquired in-process research and development	$ 42,490	$ 3,393	$ --	$ 45,883
Acquired in-process research and development			(14,469)	(14,469)
Other income (expense)			(12,270)	(12,270)
Provision for income taxes			(17,488)	(17,488)
Net income				$ 1,656

(1) Other items are shown for purposes of reconciling to the Company's consolidated totals as shown in the table above for the three years ended December 31, 2000. The accounting policies of the reportable segments are the same as those described in the summary of accounting policies. Inter-segment revenues are not material to the Business Services and Business Solutions segment results. Total assets are not disclosed since they are not identified and reported by segment to the Company's management.

(2) Business Services revenue includes $35.7 million, $73.0 million and $26.8 million for the years ended December 31, 2000, 1999 and 1998, respectively, from SHPS, Incorporated, a previously wholly-owned subsidiary of the Company, which was sold in June 2000.

NOTE 19. SEGMENTS AND GEOGRAPHIC INFORMATION (continued)

No single customer accounted for 10% of consolidated revenues for the years ended December 31, 2000, 1999, and 1998.

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

	Years Ended December 31,		
	2000	1999	1998
Revenue:			
Americas	$390,268	$391,341	$295,729
International	213,338	181,401	164,373
	$603,606	$572,742	$460,102
Income before provision for income taxes:			
Americas	$ 56,087	$ 19,093	$ 5,248
International	12,810	14,427	13,896
	$ 68,897	$ 33,520	$ 19,144
Total assets:			
Americas	$221,743	$302,091	$260,014
International	136,211	118,641	102,256
	$357,954	$420,732	$362,270

NOTE 20. RELATED PARTY TRANSACTIONS

During 2000, the Company terminated its ten-year operating lease agreement with the Company's Chairman (and majority shareholder) for its corporate aircraft and paid a lease termination fee of $3.5 million. This lease termination payment is included in restructuring and other charges in the accompanying Consolidated Statement of Income for the year ended December 31, 2000. After the lease termination, the Company paid the Chairman (and majority shareholder) $213 thousand for the use of the corporate aircraft in 2000. The lease expense for each of the years ended December 31, 2000, 1999 and 1998, exclusive of lease termination payments, was $0.3 million, $0.6 million, and $0.6 million, respectively.

During the period from September 1, 2000 through December 31, 2000, the Company also paid a company, in which the Chairman (and majority shareholder) has an 80% equity interest, $247 thousand for management and site development services.

A member of the board of directors of the Company received broker commissions from the Company's 401(k) investment firm of $25 thousand for each of the years ended December 31, 2000, 1999, and 1998, respectively, and insurance commissions for the placement of the Company's various corporate insurance programs of $75 thousand for each of the years ended December 31, 2000 and 1999, respectively (none in 1998).

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

PART III

ITEMS 10. THROUGH 13. All information required by Items 10 through 13, with the exception of information on Executive Officers which appears in the report under the caption "Executive Officers of the Registrant," is incorporated by reference to the Company's Proxy Statement for its Year 2001 Annual Meeting of Shareholders.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a)(1) Consolidated Financial Statements Report of Independent Auditors.

The following information is contained in Item 8 "Financial Statements and Supplementary Data", and is incorporated herein by reference:

Consolidated Balance Sheets as of December 31, 2000 and 1999.

Consolidated Statements of Income for the years ended December 31, 2000, 1999 and 1998.

Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2000, 1999 and 1998.

Consolidated Statements of Cash Flows for the years ended December 31, 2000, 1999 and 1998.

Notes to Consolidated Financial Statements.

(a)(2) Financial Statement Schedule

Schedule II - Valuation and Qualifying Accounts

(a)(3) Exhibits

The following documents are filed as exhibits to this report:

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	Articles of Merger between Sykes Enterprises, Incorporated and Sykes Realty, Inc. (1)
2.3	Stock Purchase Agreement dated July 1, 1996 among Sykes Enterprises, Incorporated and Johan Holm, Arne Weinz and Norhold Invest AB. (2)
2.4	Stock Purchase Agreement dated August 30, 1996 among Sykes Enterprises, Incorporated and Gordon H. Kraft. (3)
2.5	Merger Agreement dated as of January 10, 1997 among Sykes Enterprises, Incorporated, Info Systems of North Carolina, Inc. and ISNC Acquisition Co. (4)
2.6	Stock Purchase Agreement date March 28, 1997 among Sykes Enterprises, Incorporated, Sykes Holdings of Belgium, B.V.B.A., Cycle B.V.B.A. and Michael McMahon. (5)

2.7	Joint Marketing and Distribution Agreement dated April 30, 1997 by and between Sykes Enterprises, Incorporated and SystemSoft Corporation. (10)
2.8	Common Stock Purchase Agreement dated May 6, 1997 by and between Sykes Enterprises, Incorporated and SystemSoft Corporation. (10)
2.9	Acquisition Agreement, dated May 30, 1997, by and among the holders of all of the capital interests of Telcare Gesellschaft fur Telekommunikations-Mehrwertdienste mbH, Sykes Enterprises GmbH, and Sykes Enterprises, Incorporated. (7)
2.10	Acquisition Agreement, dated September 19, 1997, by and among the holders of all of the capital interests of TAS Telemarketing Gesellschaft fur Kommunikation und Dialog mbH, Sykes Enterprises, GmbH, and Sykes Enterprises, Incorporated. (8)
2.11	Acquisition Agreement, dated September 25, 1997, by and among the holders of all of the capital interests of TAS Hedi Fabinyi GmbH, Sykes Enterprises, GmbH, and Sykes Enterprises, Incorporated. (8)
2.12	Shareholder Agreement dated December 18, 1997, by and among Sykes Enterprises, Incorporated and HealthPlan Services Corporation. (14)
2.13	Acquisition Agreement, dated December 31, 1997, by and among the holders of all of the capital interests of McQueen International Limited and Sykes Enterprises, Incorporated. (11)
2.14	Stock Purchase Agreement, dated September 11, 1998, between HealthPlan Services Corporation and Sykes Enterprises, Incorporated. (17)
2.15	Acquisition Agreement, dated November 23, 1998, by and among the holders of all of the capital interests of TAS GmbH Nord Telemarketing und Vertriebsberatung, Sykes Enterprises, GmbH, and Sykes Enterprises, Incorporated (19).
2.16	Combination Agreement, dated December 29, 1998, by and among the holders of all of the capital interests of Oracle Service Networks Corporation and Sykes Enterprises, Incorporated. (18)
2.17	Merger Agreement, dated as of June 9, 2000, among Sykes Enterprises, Incorporated, SHPS, Incorporated, Welsh Carson Anderson and Stowe, VIII, LP ("WCAS") and Slugger Acquisition Corp. (24)
3.1	Articles of Incorporation of Sykes Enterprises, Incorporated, as amended. (19)
3.2	Bylaws of Sykes Enterprises, Incorporated, as amended. (19)
4.1	Specimen certificate for the Common Stock of Sykes Enterprises, Incorporated. (1)
4.2	Credit Agreement between NationsBank N.A. and Sykes Enterprises, Incorporated dated as of February 27, 1998. (16)
4.3	Amendment No. 1 to Credit Agreement between NationsBank N.A. and Sykes Enterprises, Incorporated dated as of March 20, 1998. (16)
4.4	Guaranty Agreement between Sykes Enterprises, Incorporated and HealthPlan Services Corp. to NationsBank N.A. dated March 16, 1998. (16)
10.1	Loan Agreement between NationsBank, N.A. and Sykes Enterprises, Incorporated dated as of December 31, 1996. (6)

10.2	Employment Agreement dated as of March 6, 2000 between John H. Sykes and Sykes Enterprises, Incorporated (20).
10.3	Employment Agreement dated as of March 6, 2000 between David L. Grimes and Sykes Enterprises, Incorporated (20).
10.4	Employment Agreement dated as of March 6, 2000 between Scott J. Bendert and Sykes Enterprises, Incorporated (20).

10.5	Employment Agreement dated as of March 6, 2000 between W. Michael Kipphut and Sykes Enterprises, Incorporated (20).
10.6	Employment Agreement dated as of March 6, 2000 between Dale W. Saville and Sykes Enterprises, Incorporated (20).
10.7	Employment Agreement dated as of March 6, 2000 between Gerry L. Rogers and Sykes Enterprises, Incorporated (20).
10.8	Employment Agreement dated as of March 6, 2000 between James E. Lamar and Sykes Enterprises, Incorporated (20).
10.9	Employment Agreement dated as of March 6, 2000 between Charles E. Sykes and Sykes Enterprises, Incorporated (20).
10.10	Stock Option Agreement between Sykes Enterprises, Incorporated and David E. Garner dated as of December 31, 1995. (1)
10.11	1996 Employee Stock Option Plan. (1)
10.12	1996 Non-Employee Director Stock Option Plan. (1)
10.13	1996 Non-Employee Directors' Fee Plan. (1)
10.14	Form of Split Dollar Plan Documents. (1)
10.15	Form of Split Dollar Agreement. (1)
10.16	Form of Indemnity Agreement between directors and executive officers and Sykes Enterprises, Incorporated. (1)
10.17	Aircraft Lease Agreement between JHS Leasing of Tampa, Inc. as lessor and Sykes Enterprises, Incorporated as lessee, dated December 1, 1995. (1)
10.18	Single Tenant Property Lease Agreement between Sykes Investments as landlord and Sykes Enterprises, Incorporated as tenant dated October 31, 1989, for building in Charlotte, North Carolina. (1)
10.19	Tax Indemnification Agreement between Sykes Enterprises, Incorporated and John H. Sykes. (1)
10.20	Consultant Agreement between Sykes Enterprises, Incorporated and E.J. Milani Consulting Corp. dated April 1, 1996. (1)
10.21	1997 Management Stock Incentive Plan. (15)
10.22	1999 Employees' Stock Purchase Plan. (19)
10.23	2000 Stock Option Plan. (20).
10.24	Amended and Restated Credit Agreement among Sykes Enterprises, Incorporated and Bank of America, NA, dated May 2, 2000. (21)
10.25	Termination of aircraft Lease Agreement between JHS Leasing of Tampa, Inc., as lessor and Sykes Enterprises, Incorporated as lessee dated June 30, 2000. (21)
10.26	Employment Agreement dated July 31, 2000 between James E. Lamar and Sykes Enterprises, Incorporated. (22)
10.27	Employment Separation Agreement dated as of September 20, 2000 between Dale W. Saville and Sykes Enterprises, Incorporated. (22)
10.28	Employment Separation Agreement dated as of September 22, 2000 between Scott J. Bendert and Sykes Enterprises, Incorporated. (22)

10.29	Employment Separation Agreement dated November 10, 2000 between David L. Grimes and Sykes Enterprises, Incorporated (23)
10.30	Employment Agreement dated July 31, 2000 between Mitchell I. Nelson and Sykes Enterprises, Incorporated. (23)
10.31	Employment Agreement dated March 6, 2000, amended November 8, 2000, between W. Michael Kipphut and Sykes Enterprises, Incorporated. (23)

21.1	List of subsidiaries of Sykes Enterprises, Incorporated (filed herewith).
23.1	Consent of Ernst & Young LLP
24.1	Power of Attorney relating to subsequent amendments (included on the signature page of this report).

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

(2) Filed as an Exhibit to the Registrant's Form 8-K dated July 31, 1996, and incorporated herein by reference.

(3) Filed as an Exhibit to the Registrant's Form 8-K dated September 16, 1996, and incorporated herein by reference.

(4) Included as Appendix A to the Proxy Statement/Prospectus contained in the Registrant's Registration Statement on Form S-4 (Registration No. 333-20465) and incorporated herein by reference.

(5) Filed as an Exhibit to the Registrant's Form 10-K dated March 30, 1997, and incorporated herein by reference.

(6) Filed as Exhibit 2.5 to the Registrant's Registration Statement on Form S-4 (Registration No. 333-20465) and incorporated herein by reference.

(7) Filed as an Exhibit to the Registrant's Current Report on Form 8-K dated June 16, 1997, and incorporated herein by reference.

(8) Filed as an Exhibit to the Registrant's Current Report on Form 8-K dated September 26, 1997, and incorporated herein by reference.

(9) Filed as the same numbered Exhibit to the Registrant's Registration Statement on Form S-3 (Registration No. 333-38513) and incorporated herein by reference.

(10) Filed as an Exhibit to the Registrant's Form 10-Q dated June 29, 1997, and incorporated herein by reference.

(11) Filed as an Exhibit to the Registrant's Current Report on Form 8-K dated January 15, 1998, and incorporated herein by reference.

(12) Filed as an Exhibit to the Registrant's Registration Statement on Form S-3 (Registration No. 333-38513) and incorporated herein by reference.

(13) Filed as an Exhibit to the Registrant's Registration Statement on Form S-3 (Registration No. 333-46569) and incorporated herein by reference.

(14) Filed as an Exhibit to the Registrant's Form 10-K dated December 31, 1997, and incorporated herein by reference.

(15) Filed as an Exhibit to the Registrant's Proxy Statement on Form 14A, dated April 1, 1998, and incorporated herein by reference.

(16) Filed as an Exhibit to the Registrant's Form 10-Q dated March 31, 1998, and incorporated herein by reference.

(17) Filed as an Exhibit to the Registrant's Current Report on Form 8-K dated September 11, 1998, and incorporated herein by reference.

(18) Filed as an Exhibit to the Registrant's Current Report on Form 8-K dated December 29, 1998, and incorporated herein by reference.

(19) Filed as an Exhibit to the Registrant's Form 10-K dated December 31, 1998, and incorporated herein by reference.

(20) Filed as an Exhibit to the Registrant's Form 10-K dated December 31, 1999, and incorporated herein by reference.

(21) Filed as an Exhibit to the Registrant's Form 10-Q dated June 30, 2000, and incorporated herein by reference.

(22) Filed as an Exhibit to the Registrant's Form 10-Q dated September 30, 2000, and incorporated herein by reference.

(23) Filed as an Exhibit to the Registrant's Form 10-K dated December 31, 2000, and incorporated herein by reference.

(24) Filed as an Exhibit to the Registrant's Current Report on Form 8-K dated June 30, 2000, and incorporated herein by reference.

(b) Reports on Form 8-K

The following reports on Form 8-K were filed during the period beginning October 2, 2000 through March 21, 2001:

Registrant filed a current report on Form 8-K, dated October 30, 2000, with the Commission on November 1, 2000, which announced its financial results for the third quarter and nine months ended September 30, 2000 and its completion of its previously announced accounting review.

Registrant filed a current report on Form 8-K, dated March 14, 2001, with the Commission on March 21, 2001, which announced the engagement of Deloitte & Touche LLP as its principal accountant to audit the consolidated financial statements of the Registrant for the year ended December 31, 2001 and the dismissal of Ernst & Young LLP, effective upon its completion of its audit of the Registrant's consolidated financial statements for the year ended December 31, 2000.

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 14th day of August, 2001.

SYKES ENTERPRISES, INCORPORATED
(Registrant)

By: /s/ W. Michael Kipphut

W. Michael Kipphut,
Senior Vice President and
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons in the capacities and on the dates indicated. Each person whose signature appears below constitutes and appoints W. Michael Kipphut 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/ John H. Sykes ------------------------------------ John H. Sykes	Chairman of the Board, President, and Chief Executive Officer (Principal Executive Officer)	August 14, 2001
/s/ Gordon H. Loetz ------------------------------------ Gordon H. Loetz	Vice Chairman of the Board and Director	August 14, 2001
/s/ Furman P. Bodenheimer, Jr. ------------------------------------ Furman P. Bodenheimer, Jr.	Director	August 14, 2001
/s/ H. Parks Helms ------------------------------------ H. Parks Helms	Director	August 14, 2001
/s/ Linda F. McClintock-Greco ------------------------------------ Linda F. McClintock-Greco	Director	August 14, 2001
/s/ William J. Meurer ------------------------------------ William J.Meurer	Director	August 14, 2001
/s/ Ernest J. Milani ------------------------------------ Ernest J. Milani	Director	August 14, 2001
/s/ Thomas F. Skelly ------------------------------------ Thomas F. Skelly	Director	August 14, 2001

SYKES ENTERPRISES, INCORPORATED

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
Years ended December 31, 2000, 1999 and 1998
(in thousands)

	Balance at Beginning Of Period	Additions Charged to Costs and Expenses	Reclassifications (1)	Deductions(2)	Balance at End Of Period
Allowance for doubtful accounts:					
Year ended December 31, 2000	$2,440	$ 7,621	$ --	$ 2,801	$7,260
Year ended December 31, 1999	796	2,202	--	558	2,440
Year ended December 31, 1998	537	262	--	3	796
Domestic current deferred tax asset valuation allowance:					
Year ended December 31, 2000	$ --	$ 1,819	$ --	$ --	$1,819
Year ended December 31, 1999	--	--	--	--	--
Year ended December 31, 1998	--	--	--	--	--
Foreign current deferred tax asset valuation allowance:					
Year ended December 31, 2000	$1,240	$ 1,593	$ --	$ 1,018	$1,815
Year ended December 31, 1999	--	626	704	90	1,240
Year ended December 31, 1998	135	--	--	135	--
Restructuring reserve:					
Year ended December 31, 2000	$ --	$24,366	$ --	$21,658	$2,708
Year ended December 31, 1999	--	--	--	--	--
Year ended December 31, 1998	--	--	--	--	--
Domestic non-current deferred tax asset valuation allowance:					
Year ended December 31, 2000	$2,894	$ --	$ --	$ 2,546	$ 348
Year ended December 31, 1999	3,000	--	--	106	2,894
Year ended December 31, 1998	--	3,000	--	--	3,000
Foreign non-current deferred tax valuation allowance:					
Year ended December 31, 2000	$ --	$ --	$ --	$ --	$ --
Year ended December 31, 1999	704	--	(704)	--	--
Year ended December 31, 1998	--	704	--	--	704

(1) Amounts have been reclassified for reporting purposes.

(2) Write-offs and recoveries.

EXHIBIT INDEX

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	Articles of Merger between Sykes Enterprises, Incorporated and Sykes Realty, Inc. (1)
2.3	Stock Purchase Agreement dated July 1, 1996 among Sykes Enterprises, Incorporated and Johan Holm, Arne Weinz and Norhold Invest AB. (2)
2.4	Stock Purchase Agreement dated August 30, 1996 among Sykes Enterprises, Incorporated and Gordon H. Kraft. (3)
2.5	Merger Agreement dated as of January 10, 1997 among Sykes Enterprises, Incorporated, Info Systems of North Carolina, Inc. and ISNC Acquisition Co. (4)
2.6	Stock Purchase Agreement date March 28, 1997 among Sykes Enterprises, Incorporated, Sykes Holdings of Belgium, B.V.B.A., Cycle B.V.B.A. and Michael McMahon. (5)
2.7	Joint Marketing and Distribution Agreement dated April 30, 1997 by and between Sykes Enterprises, Incorporated and SystemSoft Corporation. (10)
2.8	Common Stock Purchase Agreement dated May 6, 1997 by and between Sykes Enterprises, Incorporated and SystemSoft Corporation. (10)
2.9	Acquisition Agreement, dated May 30, 1997, by and among the holders of all of the capital interests of Telcare Gesellschaft fur Telekommunikations-Mehrwertdienste mbH, Sykes Enterprises GmbH, and Sykes Enterprises, Incorporated. (7)
2.10	Acquisition Agreement, dated September 19, 1997, by and among the holders of all of the capital interests of TAS Telemarketing Gesellschaft fur Kommunikation und Dialog mbH, Sykes Enterprises, GmbH, and Sykes Enterprises, Incorporated. (8)
2.11	Acquisition Agreement dated September 25, 1997, by and among the holders of all of the capital interests of TAS Hedi Fabinyi GmbH, Sykes Enterprises, GmbH, and Sykes Enterprises, Incorporated. (8)
2.12	Shareholder Agreement dated December 18, 1997, by and among Sykes Enterprises, Incorporated and HealthPlan Services Corporation. (14)
2.13	Acquisition Agreement, dated December 31, 1997, by and among the holders of all of the capital interests of McQueen International Limited and Sykes Enterprises, Incorporated. (11)
2.14	Stock Purchase Agreement, dated September 11, 1998, between HealthPlan Services Corporation and Sykes Enterprises, Incorporated. (17)
2.15	Acquisition Agreement, dated November 27, 1998, by and among the holders of all of the capital interests of TAS GmbH Nord Telemarketing und Vertriebsberatung, Sykes Enterprises, GmbH, and Sykes Enterprises, Incorporated. (19)
2.16	Combination Agreement, dated December 29, 1998, by and among the holders of all of the capital interests of Oracle Service Networks Corporation and Sykes Enterprises, Incorporated. (18)
2.17	Merger Agreement, dated as of June 9, 2000, among Sykes Enterprises, Incorporated, SHPS, Incorporated, Welsh Carson Anderson and Stowe, VIII, LP ("WCAS") and Slugger Acquisition Corp. (24)
3.1	Articles of Incorporation of Sykes Enterprises, Incorporated, as amended. (12)
3.2	Bylaws of Sykes Enterprises, Incorporated, as amended. (12)

4.1	Specimen certificate for the Common Stock of Sykes Enterprises, Incorporated. (1)
4.2	Credit Agreement between NationsBank N.A. and Sykes Enterprises, Incorporated dated as of February 27, 1998. (16)
4.3	Amendment No. 1 to Credit Agreement between NationsBank N.A. and Sykes Enterprises, Incorporated dated as of March 20, 1998. (16)
4.4	Guaranty Agreement between Sykes Enterprises, Incorporated and HealthPlan Services Corp. to NationsBank N.A. dated March 16, 1998. (16)
10.1	Loan Agreement between NationsBank, N.A. and Sykes Enterprises, Incorporated dated as of December 31, 1996. (6)
10.2	Employment Agreement dated as of March 6, 2000 between John H. Sykes and Sykes Enterprises, Incorporated (20).
10.3	Employment Agreement dated as of March 6, 2000 between David L. Grimes and Sykes Enterprises, Incorporated (20).
10.4	Employment Agreement dated as of March 6, 2000 between Scott J. Bendert and Sykes Enterprises, Incorporated (20).
10.5	Employment Agreement dated as of March 6, 2000 between W. Michael Kipphut and Sykes Enterprises, Incorporated (20).
10.6	Employment Agreement dated as of March 6, 2000 between Dale W. Saville and Sykes Enterprises, Incorporated (20).
10.7	Employment Agreement dated as of March 6, 2000 between Gerry L. Rogers and Sykes Enterprises, Incorporated (20).
10.8	Employment Agreement dated as of March 6, 2000 between James E. Lamar and Sykes Enterprises, Incorporated (20).
10.9	Employment Agreement dated as of March 6, 2000 between Charles E. Sykes and Sykes Enterprises, Incorporated (20).
10.10	Stock Option Agreement between Sykes Enterprises, Incorporated and David E. Garner dated as of December 31, 1995. (1)
10.11	1996 Employee Stock Option Plan. (1)
10.12	1996 Non-Employee Director Stock Option Plan. (1)
10.13	1996 Non-Employee Directors' Fee Plan. (1)
10.14	Form of Split Dollar Plan Documents. (1)
10.15	Form of Split Dollar Agreement. (1)
10.16	Form of Indemnity Agreement between directors and executive officers and Sykes Enterprises, Incorporated. (1)
10.17	Aircraft Lease Agreement between JHS Leasing of Tampa, Inc. as lessor and Sykes Enterprises, Incorporated as lessee, dated December 1, 1995. (1)
10.18	Single Tenant Property Lease Agreement between Sykes Investments as landlord and Sykes Enterprises, Incorporated as tenant dated October 31, 1989, for building in Charlotte, North Carolina. (1)
10.19	Tax Indemnification Agreement between Sykes Enterprises, Incorporated and John H. Sykes. (1)
10.20	Consultant Agreement between Sykes Enterprises, Incorporated and E.J. Milani Consulting Corp. dated April 1, 1996. (1)
10.21	1997 Management Stock Incentive Plan. (15)
10.22	1999 Employees' Stock Purchase Plan. (19)
10.23	2000 Stock Option Plan. (20)

10.24	Amended and Restated Credit Agreement among Sykes Enterprises, Incorporated and Bank of America, NA, dated May 2, 2000. (21)
10.25	Termination of aircraft Lease Agreement between JHS Leasing of Tampa, Inc., as lessor and Sykes Enterprises, Incorporated as lessee dated June 30, 2000. (21)
10.26	Employment Agreement dated July 31, 2000 between James E. Lamar and Sykes Enterprises, Incorporated. (22)
10.27	Employment Separation Agreement dated as of September 20, 2000 between Dale W. Saville and Sykes Enterprises, Incorporated. (22)
10.28	Employment Separation Agreement dated as of September 22, 2000 between Scott J. Bendert and Sykes Enterprises, Incorporated. (22)
10.29	Employment Separation Agreement dated November 10, 2000 between David L. Grimes and Sykes Enterprises, Incorporated (23)
10.30	Employment Agreement dated July 31, 2000 between Mitchell I. Nelson and Sykes Enterprises, Incorporated. (23)
10.31	Employment Agreement dated March 6, 2000, amended November 8, 2000, between W. Michael Kipphut and Sykes Enterprises, Incorporated. (23)
21.1	List of subsidiaries of Sykes Enterprises, Incorporated (filed herewith).
23.1	Consent of Ernst & Young LLP
24.1	Power of Attorney relating to subsequent amendments (included on the signature page of this report).

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

(2) Filed as an Exhibit to the Registrant's Form 8-K dated July 31, 1996, and incorporated herein by reference.

(3) Filed as an Exhibit to the Registrant's Form 8-K dated September 16, 1996, and incorporated herein by reference.

(4) Included as Appendix A to the Proxy Statement/Prospectus contained in the Registrant's Registration Statement on Form S-4 (Registration No. 333-20465) and incorporated herein by reference.

(5) Filed as an Exhibit to the Registrant's Form 10-K dated March 30, 1997, and incorporated herein by reference.

(6) Filed as Exhibit 2.5 to the Registrant's Registration Statement on Form S-4 (Registration No. 333-20465) and incorporated herein by reference.

(7) Filed as an Exhibit to the Registrant's Current Report on Form 8-K dated June 16, 1997, and incorporated herein by reference.

(8) Filed as an Exhibit to the Registrant's Current Report on Form 8-K dated September 26, 1997, and incorporated herein by reference.

(9) Filed as the same numbered Exhibit to the Registrant's Registration Statement on Form S-3 (Registration No. 333-38513) and incorporated herein by reference.

(10) Filed as an Exhibit to the Registrant's Form 10-Q dated June 29, 1997, and incorporated herein by reference.

(11) Filed as an Exhibit to the Registrant's Current Report on Form 8-K dated January 15, 1998, and incorporated herein by reference.

(12) Filed as an Exhibit to the Registrant's Registration Statement on Form S-3 (Registration No. 333-38513) and incorporated herein by reference.

(13) Filed as an Exhibit to the Registrant's Registration Statement on Form S-3 (Registration No. 333-46569) and incorporated herein by reference.

(14) Filed as an Exhibit to the Registrant's Form 10-K dated December 31, 1997, and incorporated herein by reference.

(15) Filed as an Exhibit to the Registrant's Proxy Statement on Form 14A dated April 1, 1998, and incorporated herein by reference.

(16) Filed as an Exhibit to the Registrant's Form 10-Q dated March 31, 1998, and incorporated herein by reference.

(17) Filed as an Exhibit to Registrant's Current Report on Form 8-K dated September 11, 1998, and incorporated herein by reference.

(18) Filed as an Exhibit to the Registrant's Current Report on Form 8-K dated December 29, 1998, and incorporated herein by reference.

(19) Filed as an Exhibit to the Registrant's Form 10-K dated December 31, 1998, and incorporated herein by reference.

(20) Filed as an Exhibit to the Registrant's Form 10-K dated December 31, 1999, and incorporated herein by reference.

(21) Filed as an Exhibit to the Registrant's Form 10-Q dated June 30, 2000, and incorporated herein by reference.

(22) Filed as an Exhibit to the Registrant's Form 10-Q dated September 30, 2000, and incorporated herein by reference.

(23) Filed as an Exhibit to the Registrant's Form 10-K dated December 31, 2000, and incorporated herein by reference.

(24) Filed as an Exhibit to the Registrant's Current Report on Form 8-K dated June 30, 2000, and incorporated herein by reference.

EXHIBIT 21.1

SYKES ENTERPRISES, INCORPORATED
LIST OF SUBSIDIARIES

As of December 31, 2000, the Registrant directly or indirectly owned the following subsidiaries. Certain subsidiaries, which in the aggregate do not constitute significant subsidiaries, may be omitted.

Sykes Realty, Inc.	United States
Sykes Financial Services, Inc.	United States
Sykes Enterprises Delaware, Inc.	United States
Sykes Enterprises - South Africa, Inc.	United States
Sykes Enterprises Incorporated, S.L.	Spain
Sykes Enterprises of Canada, Inc.	Canada
Sykes Latin America, S.A.	Costa Rica
SEI Technical Services, Ltd.	England
CompuHelpline	United States
McQueen International Incorporated	United States
Sykes E-Commerce, Incorporated	United States
Sykes Enterprises Incorporated Holdings B.V.	The Netherlands
Sykes Enterprises Incorporated BV	The Netherlands
Sykes Enterprises Istanbul Limited Sirket	Turkey
Sykes Information Technology China (Shanghai) Co. Ltd.	Peoples Republic of China
Sykes Enterprises Italy S.r.L	Italy
Sykes Enterprises, Inc. Kft. Budapest	Hungary
Sykes Central Europe Kft	Hungary
Sykes Datasvar Support AB	Sweden
Twin Point AB	Sweden
Sykes Holdings of Belgium B.V.B.A.	Belgium
Sykes Belgium N.V. (f/k/a Translation, Fulfillment & Communication, N.V. ("Traffic")	Belgium
Sykes Enterprises GmbH	Germany
Sykes Enterprises Support Services B.V. & Co. KG	The Netherlands
Sykes Enterprises Verwaltungs und Management GmbH	Germany
Sykes Verwaltungesellschaft mgH	Germany
Sykes Enterprises Management GmbH	Germany
Sykes Enterprises Verwaltungs und Beteiligungsgellschaft mbH	Germany
Sykes Enterprises Bochum GmbH & Co. KG	Germany
Sykes Enterprises Wilhemslaven GmbH & Co. KG	Germany
TST Tele Service Team, GmbH	Germany
T.O.P. Teleshopping, GmbH	Germany
Sykes Enterprises Esslingen GmbH & Co. KG	Germany
Sykes Enterprises Hamburg Hannover GmbH & Co. KG	Germany
McQueen International Limited	Scotland
McQueen Europe Limited	Scotland
Sykes Netherlands B.V.	The Netherlands
McQueen Skandinavian AB	Sweden
McQueen International B.V.	The Netherlands
Sykes Asia Inc.	The Philippines
Sykes France S.A. (f/k/a McQueen France S.A.)	France
Sykes Europe Limited	Scotland
McQueen Graphics Limited	Scotland
Link Network Limited	Scotland
Printsoft Limited	Scotland
McQueen ESOT Trustees Limited	Scotland
McQueen Direct Limited	Scotland
McQueen Integrated Manufacturing Services Limited	Scotland
Sykes Canada Corporation (f/k/a Oracle Service Networks Corporation)	Canada
Clinidata Corporation (f/ka Health Information Company of Canada, Inc.)	Canada
1145575 Ontario Ltd.	Canada
248 Pall Mall (London) Inc.	Canada
Station Park Fitness Club Inc.	Canada

Exhibit 23.1

Consent of Independent Auditors

Board of Directors and Stockholders
Sykes Enterprises, Incorporated

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-23681) pertaining to the Sykes Enterprises, Incorporated, 1996 Employee Stock Option Plan, 1996 Non-Employee Director Stock Option Plan and 1999 Non-Employee Directors' Fee Plan, in the Registration Statement (Form S-8 No. 333-76629) pertaining to the Sykes Enterprises, Incorporated 1997 Management Incentive Stock Option Plan and in the Registration Statement (form S-8 No. 333-88359) pertaining to the Sykes Enterprises, Incorporated 1999 Employee Stock Purchase Plan of our report dated February 15, 2001 (except for Note 1, as to which the date is July 26, 2001), with respect to the consolidated financial statements, as restated, and schedule of Sykes Enterprises Incorporated included in the Annual Report (Form 10-K/A) for the year ended December 31, 2000.

/s/ Ernst & Young LLP

Tampa, Florida
August 13, 2001