SYKES ENTERPRISES INC

FORM 10-K405
(Annual Report (Regulation S-K, item 405))

Filed 03/31/97 for the Period Ending 12/31/96

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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FORM 10-K405
(Annual Report (Regulation S-K, item 405))

Filed 3/31/1997 For Period Ending 12/31/1996

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

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

FORM 10-K

(MARK ONE)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED, EFFECTIVE OCTOBER 7, 1996).
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1996
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)
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 (I.R.S. Employer Identification No.)

100 N. TAMPA STREET
SUITE 3900
TAMPA, FLORIDA
(Address of registrant's 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. [X]

As of March 25, 1997, there were outstanding 21,893,818 shares of Common Stock. 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 25, 1997 was $299,766,432.

DOCUMENTS INCORPORATED BY REFERENCE:

Documents	Form 10-K Reference
1996 Sykes Enterprises, Incorporated Annual Report	Part II Items 5-8
Proxy Statement dated April 9, 1997	Part III Items 10-13

SYKES ENTERPRISES, INCORPORATED

FORM 10-K ANNUAL REPORT

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PART I

ITEM 1 -- BUSINESS

Sykes Enterprises, Incorporated ("SEi", "Sykes" or the "Company") provides a wide array of information technology ("IT") outsourcing services, including information technology support services and information technology development services and solutions. The Company's services are provided at various stages during the life cycle of computer hardware and software products. Through its state-of-the-art IT call centers, the Company provides information technology support services (i) to leading computer hardware and software companies by providing technical product support services to end users of their products and
(ii) to major companies by providing help desk services to their employees. Through its staff of technical professionals, the Company also provides information technology development services and solutions to large corporations, on a contract or temporary staffing basis, including software design, development, integration and implementation; systems support and maintenance; and documentation, foreign language translation and software localization. The integration of these services provides Sykes customers the opportunity to outsource a broad range of their information technology services needs to the Company.

In 1993, in an effort to capitalize on the trend toward outsourcing information technology services, the Company focused its strategic direction exclusively on the information technology services marketplace and broadened its array of services. Pursuant to this strategy, the Company began providing information technology support services by opening IT call centers. Recently, revenues from information technology support services have grown rapidly through the opening of four IT call centers in 1994, two in late 1995 and three in 1996. The domestic IT call centers are stand-alone facilities, each modeled after the same prototype. The Company's strategy of locating its domestic IT call centers in smaller communities, typically near a college or university, has enabled the Company to benefit from a relatively low cost structure and a technically proficient, stable work force. Including the recent announcement in 1997 to commence construction on the Company's eighth domestic facility, the Company estimates that the IT call centers will have the capacity to process in excess of 100,000 calls per day in the aggregate, up from 7,000 calls per day in January 1994, from users of hardware and software products seeking technical assistance.

The Company believes that outsourcing by information technology companies and companies with information technology needs will continue to grow as increasing competition encourages businesses to focus on their core competencies rather then non-revenue producing activities. Rapid technological changes, significant capital requirements for state-of-the-art technology, and the need to integrate and update complex information technology systems spanning multiple generations of hardware and software components make it increasingly difficult for businesses to cost-effectively maintain quality information technology services in-house. To capitalize on this trend toward outsourcing, the company has developed a strategy which includes the following key elements: (i) rapidly expand information technology support services revenues through additional IT call centers; (ii) market the Company's expanded array of services to existing customers to position SEi to become a preferred vendor of outsourced services;
(iii) establish a competitive advantage through the Company's proprietary, sophisticated technological capabilities; and (iv) expand its customer base through strategic alliances and selective acquisitions.

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.

INDUSTRY BACKGROUND

In today's rapidly changing technological environment, consumers and businesses require a variety of information technology services in order to effectively use and manage their complex information technology systems, including technical support, software development and information systems integration and management. Many companies' computer systems incorporate a variety of hardware and software components which may span a number of technology generations. For example, a company may use client/server systems or mainframe or midrange hardware platforms running a variety of operating systems, software applications and relational databases. Information technology services have become much more important in this environment as information technology departments strive to integrate a company's information processing capabilities into a single system while providing the flexibility to change with technological innovations.

These technological changes are making it increasingly difficult and expensive for companies to maintain in-house the necessary personnel to handle all of their information technology needs. Hardware and software companies, as well as businesses utilizing their products, are increasingly turning to third party vendors to perform specialized functions and services. Outsourcing of (i) product support functions by leading hardware and software companies, (ii) employee help desk functions by major companies, and (iii) other information technology services such as software design and systems integration and management, is growing rapidly because of the following factors:

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

- Rapid technological changes requiring personnel with specialized technical expertise;

- Growing capital requirements for sophisticated technology necessary to provide timely product support and help desk functions;

- 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 support and information technology services; and

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

Dataquest reports that information technology services are expected to grow from $50.7 billion in 1995 to $79.0 billion in 1999. Of this amount, Dataquest estimates that technical support services, such as the services provided through the Company's IT call centers, will increase from $20.6 billion in 1995 to $31.5 billion in 1999, with the amount of such services outsourced to third party vendors increasing from $2.6 billion to $7.2 billion for the same periods. The increasing cost to provide technical product support is especially evident, as Dataquest now estimates that one in six employees of software companies performs technical support functions, up from one in twelve employees in 1989, and that the cost of technical support now amounts to approximately 4% and 8% of the revenues of hardware and software companies, respectively.

In the face of rapid technological change, large corporations also find it increasingly difficult and expensive to service all of their own information technology needs through in-house personnel. Gartner Group, an information technology advisory firm, predicts that more than 40% of companies with internal help desks will outsource a portion of this function by 1998, compared with 15% in 1995.

As the outsourcing of technical product support, help desk and other information technology services has gained acceptance, many companies also are seeking to consolidate the number of vendors which provide them with these services. Accordingly, providers of information technology outsourcing services must offer a wide array of services to maintain a preferred vendor relationship with their customers. Sykes believes its broad range of services will allow it to capitalize on this trend.

STRATEGY

The Company's objective is to continue its growth and to become a leading provider of a wide variety of information technology outsourcing services by being responsive to and providing skilled personnel for its clients' long-term outsourcing needs. The Company's principal strategies for achieving this objective are as follows:

Rapidly Expand Through Systematic Addition of IT Call Centers. The Company intends to continue to rapidly expand information technology support services revenues through its existing IT call centers and through additional IT call centers. With the addition of five domestic IT call centers between October 1995 and December 1996 and the two IT call centers acquired through the Datasvar acquisition, the Company's IT call centers currently have the capacity to handle up to approximately 23.4 million calls per year. Sykes has systematized the establishment and ongoing operation of its domestic IT call 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 IT call centers modeled after the same prototype; (iii) utilizing standardized procedures to hire and train technicians; 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 support at a lower cost than the Company's competitors.

Position Sykes as a Preferred Vendor. The Company intends to cross-market its expanded array of information technology services to existing customers and to continue to provide consistently high quality services to new and existing customers in order to position the Company as a preferred vendor of outsourced services. Sykes believes that its ability to work in partnership with its customers during the life cycle of their information technology products and systems, from software design and systems implementation, through technical documentation and foreign language translation, to end user technical product support, gives it a competitive advantage to become the provider of choice to its customers. Sykes has expanded the services it provides, such as help desk and diagnostic support services, through its existing relationships with Fortune 500 companies, particularly those customers using the Company's services to satisfy all or part of their information technology development services and solutions needs.

Capitalize on Sophisticated Technology. The Company seeks to establish a competitive advantage by continuing to capitalize on its sophisticated and specialized technological capabilities, including PBX switches, automatic call distributors, call tracking software and computer-telephone integration. These capabilities allow its IT call centers to serve as the transparent extension of the Company's customers, receive telephone calls and data directly from its customers' systems, and report detailed information concerning the status and results of the Company's services on a daily basis. The Company's sophisticated technology and systems, which the Company is able to upgrade periodically because of their open architecture, enable the Company to provide high response rates at a low cost per transaction.

The Company's strategy is to continue to develop or acquire other technologies that complement its technical product support functions. For example, the Company intends to integrate the capabilities of it's sophisticated diagnostic proprietary software with Sykes IT call centers to further enhance the efficiency and quality of the Company's information technology support services, and believes that enhancements to this software will enable it to access and offer information technology support services directly to the home and small business markets.

Growth Through Strategic Alliances. The Company intends to expand its customer base, geographic presence and the information technology services Sykes provides by forming strategic alliances with other information technology service providers, particularly those who do not provide labor intensive technical support. For example, information technology services providers such as systems integrators increasingly are seeking partners to whom they can outsource the help desk requirements of their customers. The Company continues to actively seek help desk contracts with such providers.

Growth Through Selective Acquisitions. The Company intends to acquire complementary businesses to increase market share, expand its services, enter key industry sectors and expand its geographic presence. The Company believes it can expand the scope and quality of its information technology support services by acquiring companies with IT call centers in Europe and other international markets which provide quality technical support for leading computer hardware and software companies, as well as companies which enhance its ability to provide such services. The Company further believes that significant opportunities exist to acquire organizations which provide information technology services within the Company's strategic focus of the retail, banking and telecommunications industries in which the Company primarily does not currently compete. The information technology services industry is highly fragmented, with in excess of 1,000 firms providing software services in 1995 in the United States, according to Dataquest. Many of these small, local firms may be attractive acquisition candidates because they would enable Sykes to open new or expand existing branch offices. During 1996, SEi acquired two such organizations and issued a letter of intent to purchase a third, in a transaction that was completed subsequent to the year end.

SERVICES

The Company provides a wide array of information technology outsourcing services, including information technology support services and information technology development services and solutions. The following is a description of Sykes' outsourcing services:

Technical Product Support. Sykes provides technical product support services by telephone (24 hours a day, 7 days a week) to end users of the products of hardware and software companies through its seven stand-alone IT call centers in the United States and three IT call centers in Europe. Consumers of hardware or software products of Sykes' customers dial a technical support number listed in their product manuals and are automatically connected to an IT call center technician who is specially trained in the applicable product and acts as a transparent extension of the hardware or software company in diagnosing problems and answering technical questions. The IT call centers also provide technical product support by electronic mail and electronic bulletin boards. The IT call centers in Europe provide support in 14 languages to 22 European countries.

As a result of a recent acquisition, the Company also develops and markets proprietary diagnostic software for use by manufacturers, professional service personnel and end users, which serves as a tool for enhancing Sykes' technical product support services. Proprietary diagnostic products are developed and marketed for use with a variety of operating systems which include software used by personal computer manufacturers for quality assurance and pre-installed or bundled software used by professional service personnel and end users for verifying component functionality, troubleshooting, resolving hardware and software conflicts and hardware repairs.

Help Desk Services. The Company provides help desk services to major companies, at their facilities or through the IT call centers, that have outsourced technical support for their internal information technology systems. Employees of Sykes' customers telephone the help desk number provided to them by their employer for technical assistance. Trained technicians dedicated to a specific customer answer questions and diagnose and resolve technical problems ranging from a simplistic error message to a wide area network failure.

Software Design, Development, Integration and Implementation. Sykes' professional personnel provide software application design services geared toward the development of a functional and technical blueprint for a client's desired software application. These professionals identify applicable business processes supported by an application and its related functions, determine end user requirements and prepare a comprehensive plan for developing and implementing the application. They also develop custom software necessary to operate a desired application, integrate the application into the customer's existing information processing architecture, test the functionality of the application and assist the customer in training its personnel to use the application.

Systems Specialization and Maintenance. Sykes' professional personnel provide a variety of services designed to support and maintain client/server systems and mainframe and midrange platforms. These services include systems administration, maintenance and management support, applications enhancement and training services.

Documentation and Foreign Language Translation. Sykes' professional personnel provide companies with technical writing and editing of product information and technical manuals and foreign language translation and localization of software, technical manuals and product information in a variety of sophisticated multimedia formats. They provide translation and localization for 12 languages in 20 countries.

OPERATIONS

IT Call Centers. The Company's strategy in the United States is to locate its IT call 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 IT call centers are established to accommodate anticipated growth in the Company's business or in response to a specific customer need. The Company believes that additional IT call centers will be established in the United States and Europe and potentially in Asia.

A typical domestic IT call center is approximately 42,000 square feet, has 425 work stations and can handle 12,000 calls per day. The IT call 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 sophisticated equipment and technology enable it to serve as the transparent extension of its customers at a low cost per transaction and provide its customers 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 sophisticated 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 technician with the applicable knowledge and training. The technical product support calls are routed directly from the end user to the IT call center or are overflow calls routed from the client's place of business. Sykes IT call center in Amsterdam receives calls from the United Kingdom, Western Europe and parts of Eastern Europe, and the IT call centers in Sweden receive calls from Sweden, Norway, Denmark and Finland.

IT call center systems capture and download to permanent databases a variety of information concerning each call for reporting on a daily basis to customers, 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 customer 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 customers 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 IT call 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 power surge. Rerouting of telephone calls to one of the other IT call 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.

Branch Offices. Sykes' professional personnel are assigned to one of the Company's ten branch offices, which are located in metropolitan areas throughout the United States in order to be closer to their major customers. Each branch office is responsible for staffing the professional personnel needs of customers within its geographic region and customers referred from other branch offices based on specialized needs. These offices give Sykes the ability to (i) offer a broad range of professional services on a local basis, and (ii) respond to changing market demands in each geographical area served. The number of professionals assigned to each branch office ranges from 14 to 130.

Each branch office is staffed with one or more account executives whose goal is to become the client's partner in evaluating and meeting the client's information technology needs. The account executive's primary responsibilities include: client development; understanding and identifying clients' information technology service 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 client's chief information officer 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. For certain clients with whom the Company has long-term relationships, account executives are given sole responsibility for staffing assignments with little or no client involvement in the decision.

QUALITY ASSURANCE

The Company carefully trains, monitors and supervises its employees to enhance efficiency and quality of its services. The training of new technicians at the IT call centers is conducted in-house through certified trainers or by professionals supplied by the Company's customers. The Company actively recruits highly skilled professionals to staff specific assignment needs of its information technology development services and solutions customers. Generally, employees also receive ongoing training throughout the year to respond to changes in technology.

An IT call center manager supervises project leaders, team leaders and technicians dedicated to individual customer accounts. Each team leader at the IT call centers monitors approximately ten technicians. A project leader supervises a particular customer's account by monitoring calls and reviewing quality standards. Using the Company's proprietary, sophisticated 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. Customers 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' information technology development services and solutions needs. The central role in this team approach is provided by the Company's account executives and recruiters who work together to achieve a successful relationship between the client and the Company's professionals. The team shares information on active and prospective clients, reviews the availability of professionals 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.

The Company is committed to providing its customers with the highest quality services. To that end, the Company's IT call center in Sterling, Colorado has received ISO 9002 certification, an international standard for quality assurance and consistency in operating procedures. The Company anticipates that ISO 9002 certification will become a determining factor to organizations outsourcing their technical product support or help desk functions. Consequently, the Company has modeled each IT call center after ISO 9002 procedures to achieve consistency and quality. Additionally, the Company received the 1995 and 1996 STAR Award in the highest call volume category. 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 of their information technology outsourcing services. Sykes believes that its significant client base provides excellent opportunities for further marketing of its broad range of capabilities. In order to further enhance its marketing efforts, the Company recently increased its direct sales force from 9 to 30 employees. The Company markets its information technology 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.

As part of its marketing efforts, the Company invites potential and existing customers to visit the IT call 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 IT call centers.

SEI's diagnostic products are marketed to hardware manufacturers by a direct sales team for use by manufacturers in the manufacturing and quality control processes or for bundling as part of factory-installed software for the end user.

The Company also 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.

Technical product support services provided through IT call centers generally are billed to the client based on a fee per call, rate per minute or time and material basis. As a result of the significant infrastructure costs required for each IT call center, the Company has recently begun increasing its efforts to obtain contracts requiring a minimum billing amount to facilitate planning and capital needs. Help desk services usually are billed at a flat rate per employee per month, with the per employee charge varying depending on the customer's total number of employees and the complexity of its information systems.

Information technology development services and solutions engagements generally are billed on a time and material basis. Sykes is expanding its efforts to obtain contracts with customers lasting six months or longer to increase recurring revenues, maximize utilization of professional personnel and enhance long-term relationships. The Company also is attempting to obtain contracts to provide for the management of a customer's entire information technology project, rather than providing professionals to staff a client-managed project, with a view to enhancing profit margins through the provision of value-added management services.

CUSTOMERS

The Company has customers in the United States, Canada and Europe. The Company's customers include Fortune 500 corporations and leading hardware and software companies. The Company believes its nationally recognized customer base presents opportunities for further cross-marketing of its services.

During 1996, 37% of the Company's consolidated revenues were attributable to three significant customers. In 1995, 33% of the Company's consolidated revenues were derived from two significant customers. Apple Computer, which became a customer during 1994, accounted for 17% and 15% of the Company's revenues in 1995 and 1996, respectively. Service 2000, which became a customer during 1995, accounted for 11% of the Company's revenues in 1996. IBM, which had historically been the Company's largest client, accounted for 30%, 27%, 16% and 11% of consolidated revenues for the year ended July 31, 1994, the five months ended December 31, 1994, and the years ended December 31, 1995 and 1996, respectively. During the first quarter of 1996, IBM instituted a policy that certain information technology services be provided through designated national vendors. The Company has entered into an agreement with such a vendor, Decision Consultants, Inc., under which certain services, previously provided directly to IBM, are being provided indirectly to IBM through this vendor. Although the Company believes its relationship with IBM will not be affected by the change in the method of providing its services to IBM, there can be no assurance that the Company will continue to provide such services. The Company's loss of (or the failure to retain a significant amount of business with) any of its key customers could have a material adverse effect on the Company. The Company's largest ten customers accounted for approximately 61% of the consolidated revenues in 1996. Generally, the Company's contracts are cancelable by each customer at any time or on short-term notice, and customers may unilaterally reduce their use of the Company's services under such contracts without penalty. Sykes provided services to approximately 250 customers during 1996.

COMPETITION

The industry in which the Company competes is extremely competitive and highly fragmented. While many companies provide information technology services, management 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, major accounting firms, divisions of large hardware and software companies and niche providers of information technology 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, the services offered by the Company historically have been provided by in-house personnel. The Company's also competes with other developers of software diagnostic tools, many of which have significantly greater financial, technical, marketing and other resources than the Company.

The Company believes that the most significant competitive factors in the sale of its services include quality and reliability of services, flexibility in tailoring services to customer needs, price, experience, reputation and comprehensive and integrated services. As a result of intense competition, information technology development services and solutions engagements 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.

Many of Sykes' large customers purchase information technology services primarily from a limited number of preferred vendors. Sykes has experienced and continues to anticipate significant pricing pressure from these customers in order to remain a preferred vendor. These companies also require vendors to be able to provide services in multiple locations.

INTELLECTUAL PROPERTY

The Company relies upon a combination of contract provisions and trade secret laws to protect the proprietary technology it uses at its IT call centers. Sykes relies on a combination of copyright, trademark and trade secret laws to protect it's 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) is a registered servicemark of the Company. Through a subsidiary organization SEi holds a number of registered trademarks, including DIAGSOFT(R), QAPLUS/WIN(R) and ETSC(R).

EMPLOYEES

As of March 1, 1997, the Company had 3,574 full-time employees, consisting of 32 in sales and marketing, 2,743 customer support technicians at the IT call centers, 597 technical professionals and 202 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 are not represented by any union.

The Company believes that it gains a competitive advantage by locating its IT call centers in smaller communities in which they become an integral part of the local economy and labor force. The Company believes that personnel located in such communities can be employed at a lower overall cost than employees located in a metropolitan setting. Sykes IT call centers are located in communities near a college or university to provide a well-educated, technically proficient work force. Applicants are interviewed for technical skills as well as interpersonal skills.

The Company recruits its professional 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. Qualified individuals have generally been available as major companies have increasingly begun downsizing and outsourcing information technology services instead of relying on in-house MIS personnel. 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.

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	60	President and Chief Executive Officer
David E. Garner	39	Senior Vice President
John D. Gannett, Jr	42	Senior Vice President
Scott J. Bendert	40	Vice President -- Finance, Treasurer and Chief Financial Officer
John L. Crites, Jr	52	Vice President and General Counsel

John H. Sykes has been President and Chief Executive Officer of the Company since its inception in 1977. Previously, Mr. Sykes was Senior Vice President of CDI Corporation, a publicly-held technical services firm.

David E. Garner joined the Company in 1984 and, since 1994, has served as Senior Vice President with responsibility for information technology support services for both national and international operations. Prior to becoming Senior Vice President, Mr. Garner held various technical and managerial positions within the Company.

John D. Gannett, Jr. rejoined the Company in 1995 as Senior Vice President with responsibility for information technology development services and solutions. Prior to 1995, Mr. Gannett provided consulting services to the Company under an agreement entered into in 1991. From 1979 to 1991, Mr. Gannett held various management positions within the technical and documentation services areas of the Company.

Scott J. Bendert joined the Company in 1993 as Chief Financial Officer. In 1994, Mr. Bendert was named Treasurer, and in 1995 was appointed Vice President--Finance. From 1984 to 1993, Mr. Bendert held various management positions with Reflectone, Inc., a publicly-held producer of complex computer simulator trainers and devices, most recently as Corporate Controller.

John L. Crites, Jr. joined the Company as Vice President and General Counsel on April 1, 1996. Prior thereto and since 1991, Mr. Crites served as Executive Director of the Vivian L. Smith Foundation for Restorative Neurology at Baylor College of Medicine in Houston, Texas.

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 branch office. The following table sets forth additional information concerning the Company's facilities:

PROPERTIES	SQUARE FEET	GENERAL USAGE	LEASE EXPIRATION
Tampa, Florida.................	18,000	Corporate headquarters	December 2002
	5,000	Development office	September 1998
Greeley, Colorado..............	42,000	IT call center	N/A
Sterling, Colorado.............	34,000	IT call center	N/A
Hays, Kansas...................	42,000	IT call center	N/A
Bismarck, North Dakota.........	42,000	IT call center	N/A
Minot, North Dakota............	42,000	IT call center	N/A
Ponca City, Oklahoma...........	42,000	IT call center	N/A
Klamath Falls, Oregon..........	42,000	IT call center	N/A
Amsterdam, The Netherlands.....	23,200	IT call center	November 1997
Jarvso, Sweden.................	9,200	IT call center	December 1997
Sveg, Sweden...................	6,600	IT call center	June 1998
Boulder, Colorado..............	13,000	Branch office	March 1998
Boise, Idaho...................	2,400	Branch office	January 1997
Overland Park, Kansas..........	2,600	Branch office	July 1999
Boston, Massachusetts..........	26,000	Branch office	September 2000
St. Louis, Missouri............	5,500	Branch office	September 1998
Poughkeepsie, New York.........	1,000	Branch office	July 1997
Cary, North Carolina...........	9,500	Branch office	December 1999
Charlotte, North Carolina......	2,200	Branch office	March 1997
Irving, Texas..................	5,500	Branch office	June 1998

The Company owns each of its domestic IT call centers and anticipates that additional IT call centers will be required due to growth and expansion. Facilities formerly used as the Company's headquarters in Charlotte, North Carolina are leased through October 2004 and are currently subleased to third parties through June 1999.

ITEM 3 -- LEGAL PROCEEDINGS

From time to time, the Company is involved in litigation incidental to its business. In the opinion of management, no litigation to which the Company currently is a party is likely to have a materially adverse effect on the Company's results of operations or financial condition, if decided adversely to the Company.

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

The information called for by this Item is contained in the Company's Annual Report, and is incorporated herein by reference.

ITEM 6 -- SELECTED FINANCIAL DATA

The information called for by this Item is contained in the Company's Annual Report, and is incorporated herein by reference.

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

The information called for by this Item is contained in the Company's Annual Report, and is incorporated herein by reference.

ITEM 8 -- FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information called for by this Item is contained in the Company's Annual Report, and is incorporated herein by reference.

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

None.

PART III

ITEM 10 -- DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information called for by this Item, with respect to Directors, is contained in the Company's Proxy Statement pertaining to the 1997 Annual Meeting of Shareholders, and is incorporated herein by reference. The information called for by this Item, with respect to Executive Officers, is set forth in Item 1 of this report under the caption "Executive Officers of the Registrant."

ITEM 11 -- EXECUTIVE COMPENSATION

The information called for by this Item is contained in the Company's Proxy Statement pertaining to the 1997 Annual Meeting of Shareholders, and is incorporated herein by reference.

ITEM 12 -- SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information called for by this Item is contained in the Company's Proxy Statement pertaining to the 1997 Annual Meeting of Shareholders, and is incorporated herein by reference.

ITEM 13 -- CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information called for by this Item is contained in the Company's Proxy Statement pertaining to the 1997 Annual Meeting of Shareholders, and is incorporated herein by reference.

PART IV

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

(a)(1) Consolidated Financial Statements

- Report of Independent Certified Public Accountants.

The following information is contained in the Company's Annual Report, and is incorporated herein by reference:

- Consolidated Balance Sheets as of December 31, 1995 and 1996.

- Consolidated Statements of Operations for the Year Ended July 31, 1994, the Five Months Ended December 31, 1994 and the Years Ended December 31, 1995 and 1996.

- Consolidated Statements of Changes in Shareholders' Equity for the Year Ended July 31, 1994, the Five Months Ended December 31, 1994 and the Years Ended December 31, 1995 and 1996.

- Consolidated Statements of Cash Flows for the Year Ended July 31, 1994, the Five Months Ended December 31, 1994 and the Years Ended December 31, 1995 and 1996.

- Notes to Consolidated Financial Statements.

(a)(2) Financial Statement Schedules

- Report of Independent Accountants

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. The schedules and Exhibit to this document are not being filed herewith. Sykes Enterprises, Incorporated agrees to furnish supplementally a copy of such schedules to the Securities and Exchange Commission upon request.(4)
3.1	--	Articles of Incorporation of Sykes Enterprises, Incorporated.(1)
3.2	--	Bylaws of Sykes Enterprises, Incorporated, as amended.(1)
4.1	--	Specimen certificate for the Common Stock of Sykes Enterprises, Incorporated.(1)
10.1	--	Loan Agreement between NationsBank, N.A. and Sykes Enterprises, Incorporated dated as of December 31, 1996.
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10.5	--	1996 Employee Stock Option Plan.(1)
10.6	--	1996 Non-Employee Director Stock Option Plan.(1)
10.7	--	1996 Non-Employee Directors' Fee Plan.(1)
10.8	--	Form of Split Dollar Plan Documents.(1)
10.9	--	Form of Split Dollar Agreement.(1)

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10.12	--	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)
10.13	--	Tax Indemnification Agreement between Sykes Enterprises, Incorporated and John H. Sykes.(1)
10.14	--	Consultant Agreement between Sykes Enterprises, Incorporated and E.J. Milani Consulting Corp. dated April 1, 1996.(1)
10.15	--	Registration Rights Agreement among Sykes Enterprises, Incorporated and Johan Holm, Arne Weinz and Norhold Invest AB dated July 16, 1996.(2)
10.16	--	Registration Rights Agreement between Sykes Enterprises, Incorporated and Gordon H. Kraft dated August 30, 1996.(3)
13.1	--	1996 Sykes Enterprises, Incorporated Annual Report.
21.1	--	List of subsidiaries of Sykes Enterprises, Incorporated.(5)
23.2	--	Consent of Coopers & Lybrand L.L.P.
24.1	--	Power of Attorney relating to subsequent amendments (included on the signature page of this report).
27.1	--	Financial Data Schedule (for SEC use only).

---

(1) Filed as the same numbered Exhibit to 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 Registration No. 333-20465.
(5) Filed as the same numbered Exhibit to Registration No. 333-20465 and incorporated herein by reference.

(b) Reports on Form 8-K

No Reports on Form 8-K were filed by the Registrant during the quarter ended December 31, 1996.

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 26th day of March, 1997.

SYKES ENTERPRISES, INCORPORATED
(Registrant)

By: /s/ SCOTT J. BENDERT
Scott J. Bendert
Vice President-Finance, Treasurer
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 Scott Bendert and John Crites and each of them individually, 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 attorneys-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 could do in person, hereby 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, Chief Executive Officer and Director (Principal Executive Officer)	March 26, 1997
/s/ SCOTT J. BENDERT Scott J. Bendert	Vice President -- Finance, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	March 26, 1997
/s/ DAVID E. GARNER David E. Garner	Director	March 26, 1997
/s/ JOHN D. GANNETT, JR. John D. Gannett, Jr.	Director	March 26, 1997
/s/ FURMAN P. BODENHEIMER, JR. Furman P. Bodenheimer, Jr.	Director	March 26, 1997
/s/ H. PARKS HELMS H. Parks Helms	Director	March 26, 1997
/s/ GORDON H. LOETZ Gordon H. Loetz	Director	March 26, 1997
/s/ ERNEST J. MILANI Ernest J. Milani	Director	March 26, 1997
/s/ R. JAMES STROKER R. James Stroker	Director	March 26, 1997

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of Sykes Enterprises, Incorporated:

We have audited the consolidated balance sheets of Sykes Enterprises, Incorporated and subsidiaries as of December 31, 1995 and 1996, and the related consolidated statements of operations, changes in shareholders' equity and cash flows for the year ended July 31, 1994, the five months ended December 31, 1994, and the years ended December 31, 1995 and 1996, which financial statements are included on pages 21 through 36 of the 1996 Sykes Enterprises, Incorporated Annual Report and incorporated by reference herein. We have also audited the financial statement schedule on page 16 of this Form 10-K. These financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sykes Enterprises, Incorporated and subsidiaries as of December 31, 1995 and 1996, and the consolidated results of their operations and their cash flows for the year ended July 31, 1994, the five months ended December 31, 1994, and the years ended December 31, 1995 and 1996, in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information required to be included therein.

COOPERS & LYBRAND L.L.P.

Tampa, Florida
February 14, 1997

SYKES ENTERPRISES, INCORPORATED

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS
YEAR ENDED JULY 31, 1994, THE FIVE MONTHS ENDED DECEMBER 31, 1994, AND THE YEARS ENDED DECEMBER 31, 1995 AND 1996

	BEGINNING BALANCE	ADDITIONAL CHARGE TO COST AND EXPENSES	DEDUCTIONS(1)	ENDING BALANCE
Year ended July 31, 1994				
Allowance for doubtful accounts...............	$225,677	$ 24,776	$ --	$250,453
Five months ended December 31, 1994				
Allowance for doubtful accounts...............	250,453	36,871	94,928	192,396
Year ended December 31, 1995				
Allowance for doubtful accounts...............	192,396	132,572	120,571	204,397
Year ended December 31, 1996				
Allowance for doubtful accounts...............	204,397	7,074	91,471	120,000

(1) Write-offs and recoveries

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(2) Filed as an Exhibit to the Registrant's Form 8-K dated July 31, 1996 and incorporated herein by reference.
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(5) Filed as the same numbered Exhibit to Registration No. 333-20465 and

incorporated herein by reference.

EXHIBIT 10.1

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LOAN AGREEMENT

THIS LOAN AGREEMENT dated as of December 31, 1996 (the "Loan Agreement") by and between

SYKES ENTERPRISES, INCORPORATED ("Sykes"), SYKES REALTY, INC. ("Realty") and DIAGSOFT, INC. ("DiagSoft") (hereinafter Sykes, Realty and DiagSoft are sometimes collectively referred to as the "Borrowers" and individually referred to as the "Borrower")

NATIONSBANK, N.A., a national banking association existing under the laws of the United States and having offices in Charlotte, North Carolina (the "Bank").

RECITALS:

A. The Borrowers have applied to the Bank for credit facilities in the aggregate amount of $25,000,000.00, to be borrowed for working capital needs, for the refinancing of indebtedness to the Bank, for documentary and standby letters of credit and for foreign exchange transactions.

B. The Bank is willing to provide such credit facilities for the purposes stated hereinabove based on the terms and conditions set forth in this Loan Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the Borrowers and the Bank hereby agree as follows:

Article I

DEFINITIONS

1.01 For the purposes hereof:

"Advances" shall have the meaning given to such term in Section 2.01.

"Affiliate" means a Person (other than a Subsidiary)

(i) which directly or indirectly through one or more intermediaries control, or is controlled by, or is under common control with Sykes; or

(ii) which beneficially owns or holds 5% or more of any class of the Voting Stock of Sykes; or

(iii) 5% or more of the Voting Stock (or in the case of a Person which is not a corporation, 5% or more of the equity interest) of which is beneficially owned or held by Sykes;

"Business Day" means a day on which banks are open for the transaction of business of the nature required in this Loan Agreement in Charlotte, North Carolina;

"Closing Date" means December 31, 1996;

"Consistent Basis" in reference to the application of Generally Accepted Accounting Principles, means that the accounting principles observed in the period referred to are comparable in all material respects to those applied in the most recent preceding period except as to any changes required by the American Institute of Certified Public Accountants or the Financial Accounting Standards Board (except there shall be no instance allowing upward revaluation of assets subsequent to the Borrower's opening consolidated balance sheet);

"Consolidated Acquisition Indebtedness" means as of the date of determination, Indebtedness of Sykes and its Subsidiaries (consisting of seller financing, assumed funded indebtedness and non-compete agreements) incurred in connection with the acquisitions of any businesses by Sykes and its Subsidiaries;

"Consolidated EBIT" means, for any 12 month period of computation, the sum of Consolidated Net Income for such period plus interest and taxes to the extent deducted in determining such Consolidated Net Income;

"Consolidated EBITDA" means, for any 12 month period of computation, the sum of Consolidated Net Income for such period plus interest, taxes, depreciation and amortization to the extent deducted in determining such Consolidated Net Income;

"Consolidated Excess Liquidity" means as of the date of determination, aggregate cash and cash equivalents of Sykes and its Subsidiaries less $5,000,000;

"Consolidated Gross Funded Indebtedness" means as of the date of determination, all Indebtedness of Sykes and its Subsidiaries, determined on a consolidated basis in accordance with Generally Accepted Accounting Principles, which by its terms matures more than one year after the date of calculation, and any such Indebtedness maturing within one year from such date which is renewable or extendable at the option of the obligor to a date more than one year from such date including, in any event, all Indebtedness under this Loan Agreement;

"Consolidated Interest Expense" means, for any 12-month period of computation, aggregate interest expense for Sykes and its Subsidiaries on Consolidated Gross Funded Indebtedness;

"Consolidated Net Funded Indebtedness" means as of the date of determination, Consolidated Gross Funded Indebtedness less Consolidated Acquisition Indebtedness; provided, however, the deduction for Consolidated Acquisition Indebtedness shall not exceed the lesser of Consolidated Excess Liquidity or $15,000,000;

"Consolidated Net Income" means for any period of computation, the net income of Sykes and its Subsidiaries, determined on a consolidated basis in accordance with Generally Accepted Accounting Principles;

"Consolidated Tangible Net Worth" means at any time, consolidated net stockholders' equity, determined in accordance with Generally Accepted Accounting Principles applied on a Consistent Basis, with no upward adjustments due to a revaluation of assets, minus the book value of assets which would be treated as intangibles under Generally Accepted Accounting Principles, including, but not limited to, goodwill, trade names, trademarks, copyright, patents and unamortized debt discount and expenses;

"Dollar Advances" shall have the meaning given to such term in Section 2.01;

"Dollar Note" shall have the meaning given to such term in Section 2.04;

"Exchange Rate" means, in relation to the purchase of one currency (for purposes of this definition the "first currency") with another currency (for purposes of this definition the "second currency") on a given date, the Bank's spot rate of exchange, for the amount in question, in the London interbank market at or about 11:00 a.m. Charlotte, North Carolina time on such date for the purchase of the first currency with the second currency, for delivery two Business Days later;

"Generally Accepted Accounting Principles" means those principles of accounting set forth in pronouncements of the Financial Accounting Standards Board, the American Institute of Certified Public Accountants or which have other substantial authoritative support and are applicable in the circumstances as of the date of a report, as such principles are from time to time supplemented and amended;

"Guaranty Agreement" means the Guaranty Agreement executed by the Borrowers in favor of the Bank whereby the Borrowers guarantee the repayment of the obligations of the Swedish Subsidiary and the Netherlands Subsidiaries to the Bank under the Krona Note and the Guilder Note;

"Guilder Advances" shall have the meaning given to such term in Section 2.01;

"Guilder Note" shall have the meaning given to such term in Section 2.03;

"Indebtedness" of any Person at any date means:

(a) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services (other than current trade liabilities incurred in the ordinary course of business and payable in accordance with customary practices),

(b) any other indebtedness which is evidenced by a note, bond, debenture or similar instrument,

(c) all capital lease obligations of such Person,

(d) all obligations of such Person in respect of outstanding letters of credit, acceptances and similar obligations created for the account of such Person, and

(e) all liabilities secured by any lien on any property owned by such Person even though such Person has not assumed or otherwise become liable for the payment thereof.

"Krona Advances" shall have the meaning given to such term in Section 2.01;

"Krona Note" shall have the meaning given to such term in Section 2.02;

"Letter of Credit Applications" shall have the meaning given to such term in Section 2.09 hereof;

"Letter of Credit Obligations" shall have the meaning given to such term in Section 2.09 hereof;

"Letters of Credit" shall have the meaning given to such term in
Section 2.09 hereof;

"Loan Documents" means this Loan Agreement, the Notes, the Letter of Credit Applications and the Guaranty Agreement;

"Netherlands Subsidiaries" means Sykes Enterprises Incorporated Holdings BV and Sykes Enterprises Incorporated BV;

"Notes" means a collective reference to the Dollar Note, the Krona Note and the Guilder Note;

"Person" means an individual, partnership, corporation, trust, unincorporated organization, association, joint venture or a government or agency or political subdivision thereof;

"Revolving Loan Committed Amount" shall have the meaning given to such term in Section 2.01 hereof;

"Subsidiary" or "Subsidiaries" means any corporation or corporations of which more than fifty percent (50%) of the Voting Stock at the time of computation is owned, directly or indirectly, by Sykes or a Subsidiary of Sykes;

"Swedish Subsidiary" means Datasvar Support AB, Stockholm, Sweden;

"Termination Date" means June 1, 1998; and

"Voting Stock" means common stock of a corporation, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the corporate directors (or Persons performing similar functions).

1.02 All accounting terms not specifically defined herein shall be construed in accordance with Generally Accepted Accounting Principles applied on a Consistent Basis.

ARTICLE II

CREDIT EXTENSIONS

2.01 The Bank agrees, on the terms herein set forth, to make revolving loan advances (the "Advances") from time to time during the period from the date hereof to the Termination Date in an amount equal to $25,000,000 (or such higher amount as the parties hereto may from time to time agree) (the "Revolving Loan

Committed Amount"). The Bank agrees that a portion of the Advances shall be available to the Swedish Subsidiary in Krona (the "Krona Advances") in an aggregate amount up to 14,000,000 Krona at any time outstanding and that a portion of the Advances shall be available to the Netherlands Subsidiaries in Guilder (the "Guilder Advances") in an aggregate amount up to 4,000,000 Guilder. The Bank agrees that the remaining portion of the Advances shall be available to the Borrowers in U.S. dollars (the "Dollar Advances"). Within the limits set forth herein and in the Krona Note (as hereinafter defined), the Guilder Note and the Dollar Note (as hereinafter defined), the Bank shall make Advances, accept payments and prepayments pursuant to the terms hereof and readvance any amount so paid or prepaid.

2.02 The Krona Advances shall be made, shall be repaid and shall bear interest in accordance with the terms of that certain Promissory Note of even date herewith executed by the Swedish Subsidiary in favor of the Bank in the original principal amount of up to 14,000,000 Krona (the "Krona Note"), the terms of which are incorporated herein by reference.

2.03 The Guilder Advances shall be made, shall be repaid and shall bear interest in accordance with the terms of that certain Promissory Note of even date herewith executed by the Netherlands Subsidiaries in favor of the Bank in the original principal amount of up to 4,000,000 Guilder (the "Guilder Note"), the terms of which are incorporated herein by reference.

2.04 The Dollar Advances shall be made, shall be repaid and shall bear interest in accordance with the terms of that certain Promissory Note of even date herewith executed by the Borrowers in favor of the Bank in the original principal amount of up to $25,000,000 (the "Dollar Note"), the terms of which are incorporated herein by reference.

2.05 If the U.S. dollar equivalent of the outstanding principal balance of the Krona Note and the Guilder Note (based upon the most recently available Exchange Rate) plus the outstanding principal balance of the Dollar Note plus the then outstanding Letter of Credit Obligations plus the aggregate amount of foreign exchange contracts margined at 15% of their U.S. dollar value shall at any time exceed U.S. $25,000,000, the Borrowers shall within two Business Days after receiving notice thereof from the Bank make a repayment to the Bank for purposes of eliminating such excess, with such repayment to be applied first to the Dollar Note and then to the Krona Note and the Guilder Note (pro rata based on outstandings) to the extent of any surplus payment amount. The Borrowers agree to deliver to the Bank within 15 days after the end of each month in which Advances are outstanding a certificate signed by its chief financial officer setting forth as of the last day of such month (i) the U.S. dollar equivalent of the outstanding principal balance of the Krona Note and the Guilder Note (based upon the Exchange Rate as of the last day of such month), (ii) the outstanding principal balance of the Dollar Note, (iii) the outstanding Letter of Credit Obligations, (iv) the aggregate amount of foreign exchange contracts margined at 15% of their U.S. dollar value, (v) the sum of items (i), (ii), (iii) and (iv) above and (vi) and the difference between the Revolving Loan Committed Amount and the sum of items (i), (ii), (iii) and (iv) above.

2.06 The obligation of the Bank to make any Advance or to issue any Letter of Credit shall be subject to the satisfaction of the following conditions:

(a) the representations and warranties set forth in Article III hereof shall be true and correct in all material respects as of the day of the making of such Advance or the issuance of such Letter of Credit, except to the extent any such representation or warranty relates to a prior date;

(b) at the time of the making of and immediately after the making of such Advance or the issuance of such Letter of Credit there shall have occurred or be continuing no Event of Default, or event which upon notice or lapse of time or both would constitute an Event of Default; and

(c) immediately after the making of such Advance or the issuance of such Letter of Credit, the sum of the U.S. dollar equivalent of the outstanding principal balance of the Krona Note and the Guilder Note (based upon the most recently available Exchange Rate) plus the outstanding principal balance of the Dollar Note plus the then outstanding Letter of Credit Obligations plus the aggregate amount of foreign exchange contracts margined at 15% of their U.S. dollar value shall not exceed U.S. $25,000,000.

Each Advance made at the request of any Borrower, the Swedish Subsidiary or either Netherlands Subsidiary, as the case may be, hereunder shall be deemed to be a reaffirmation on the date of such Advance as to the matters specified in subsections (a) and (b) hereof.

2.07 The Borrowers shall have the right from time to time to voluntarily reduce the Revolving Loan Committed Amount; provided, however, if upon such reduction the U.S. dollar equivalent of the outstanding principal balance of the Krona Note and the Guilder Note (based upon the most recently available Exchange Rate) plus the outstanding principal balance of the Dollar Note plus the then outstanding Letter of Credit Obligations plus the aggregate amount of foreign exchange contracts margined at 15% of their U.S. dollar value shall exceed such reduced Revolving Loan Committed Amount, the Borrowers shall make a repayment to the Bank for purposes of eliminating such excess, with such repayment to be applied first to the Dollar Note and then to the Krona Note and the Guilder Note (based on outstandings), to the extent of any surplus payment amount.

2.08 The Borrowers agree to pay to the Bank a facility fee on the date hereof in an amount equal to $10,500 and on June 1, 1997 and on each anniversary of such date thereafter in an amount equal to 1/10% of the Revolving Loan Committed Amount on each such date.

2.09 The Bank also agrees to issue standby and documentary letters of credit (the "Letters of Credit") on the application of the Borrowers from time to time in accordance with the following terms and conditions:

(a) the Borrowers will execute a letter of credit application on the Bank's standard form in connection with the issuance of each Letter of Credit (hereinafter the "Letter of Credit Applications");

(b) The form of each Letter of Credit must be satisfactory to the Bank in its reasonable discretion;

(c) No Letter of Credit shall have a term in excess of one year;

(d) No Letter of Credit shall have an expiration date more than six months beyond the Termination Date;

(e) The aggregate undrawn amounts of the Letters of Credit at any time outstanding plus the outstanding principal amount of amounts drawn under the Letters of Credit and not reimbursed by the Borrower (the "Letter of Credit Obligations") shall not exceed $5,000,000 and the Letter of Credit Obligations plus the outstanding principal balance of the Dollar Advances plus the U.S. dollar equivalent of the Krona Advances and the Guilder Advances (based upon the most recently available Exchange Rate) plus the aggregate amount of foreign exchange contracts margined at 15% of their U.S. dollar value shall not exceed U.S. $25,000,000;

(f) The Bank is authorized to reimburse itself for amounts drawn under the Letters of Credit by disbursing directly to itself proceeds of the Dollar Advances;

(g) Amounts drawn under the Letters of Credit shall be payable in accordance with the terms of the Letter of Credit Applications;

(h) If the expiration date of any Letter of Credit extends beyond the Termination Date, the Borrowers shall pay to the Bank on the Termination Date an amount equal to the then outstanding Letter of Credit Obligations with respect to such Letter of Credit to be held in an interest bearing cash collateral account in the name of the Borrowers as security for the reimbursement obligations which thereafter may arise on account of subsequent drawings or payments on any such Letter of Credit;

(i) The Borrowers shall pay the Bank such fees with respect to the Letters of Credit as are agreed to by the Borrowers and the Bank from time to time; and

(j) If at any time after the date hereof, and from time to time, the Bank reasonably determines that the adoption or modification of any applicable law, rule or regulation regarding taxation, the Bank's required levels of reserves, deposits, insurance or capital (including any allocation of capital requirements or conditions), or similar requirements, or any interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation, administration or compliance of the Bank with any of such requirements, has or would have the effect of (i) increasing the Bank's costs relating to the Letters of Credit hereunder, or (ii) reducing the yield or rate of return of the Bank on the Letters of Credit hereunder, to a level below that which the Bank could have achieved but for the adoption or modification of any such requirements, the Borrowers shall, within 15 days of any written request (which request shall state in reasonable detail the basis therefor) by the Bank, pay to the Bank such additional amounts as will compensate the Bank for such increase in costs or reduction in yield or rate of return of the Bank. No failure by the Bank to immediately demand payment of any additional amounts payable hereunder shall constitute a waiver of the Bank's right to demand payment of such amounts at any subsequent time. Nothing herein contained shall be construed or so operate as to require the Borrowers to pay any interest, fees, costs or charges greater than is permitted by applicable law.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

3.0l Sykes represents and warrants that:

(a) (i) Sykes and each of its Subsidiaries is a corporation, duly organized, validly existing and in good standing under the jurisdiction in which they are incorporated;

(ii) Sykes and each of its Subsidiaries has the corporate power and authority to own its properties and assets and to carry on its business as now being conducted and is qualified to do business in every jurisdiction in which, by reason of the character of its business, it is required to qualify as a foreign corporation;

(iii) each Borrower has the corporate power and authority to execute and perform this Loan Agreement, to borrow hereunder and to execute and deliver each of the Loan Documents and all other certificates, instruments and documents with respect to the indebtedness of such Borrower hereunder;

(iv) the Swedish Subsidiary has the corporate power and authority to execute and perform the Krona Note, to borrow thereunder and to execute and deliver the Krona Note, and all other certificates, instruments and documents with respect to the indebtedness of the Swedish Subsidiary thereunder;

(v) the Netherlands Subsidiaries have the corporate power and authority to execute and perform the Guilder Note, to borrow thereunder and to execute and deliver the Guilder Note, and all other certificates, instruments and documents with respect to the indebtedness of the Netherlands Subsidiaries thereunder;

(vi) when executed and delivered, the Loan Documents will be valid and binding obligations of the Borrowers, the Swedish Subsidiary and the Netherlands Subsidiaries enforceable in accordance with their respective terms;

(vii) no Borrower has any Subsidiaries other than those listed in Exhibit A hereto;

(viii) no Borrower owns any interest in any Person other than the Persons listed in Exhibit A hereto;

(b) the execution, delivery and performance of the Loan Documents

(i) have been duly authorized by all requisite corporate action of the Borrowers, the Swedish Subsidiary and the Netherlands Subsidiaries required for the lawful creation and issuance thereof;

(ii) do not violate any provisions of law, any order of any court or other agency of government or the charter documents or by-laws of any Borrower, the Swedish Subsidiary or either Netherlands Subsidiary, or any provisions of any indenture, agreement or other instrument to which any Borrower, the Swedish Subsidiary or either Netherlands Subsidiary or the properties or assets of any Borrower, the Swedish Subsidiary or either Netherlands Subsidiary are bound;

(iii) will not be in conflict with, result in a breach of or constitute an event of default nor an event which, upon notice or lapse of time, or both, would constitute such an event of default under any indenture, agreement or other instrument to which any Borrower, the Swedish Subsidiary or either Netherlands Subsidiary is a party;

(iv) will not result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of any Borrower, the Swedish Subsidiary or either Netherlands Subsidiary except to the extent any liens are created by such Loan Documents;

(c)(i) Sykes has heretofore furnished the Bank with a consolidated balance sheet of Sykes and its Subsidiaries as of December 31, 1995 and the related consolidated statements of income and retained earnings for the fiscal year then ended. Such financial statements have been prepared in accordance with Generally Accepted Accounting Principles applied on a Consistent Basis throughout the period involved; the consolidated balance sheet presents fairly the financial position of Sykes and its Subsidiaries as of the date thereof, and the consolidated statements of income and retained earnings and the notes thereto present fairly the results of the operation of Sykes and its Subsidiaries for the period indicated, and such balance sheet thereto shows all known and determinable direct liabilities of Sykes and its Subsidiaries contemplated as of the date thereof;

(ii) since the date of the financial statements set forth in Section 3.01(c)(i) hereinabove, there has been no material adverse change in the condition, financial or otherwise, of Sykes and its Subsidiaries nor have such businesses or properties been adversely affected as a result of any fire, explosion, earthquake, accident, strike, lockout combination of workers, flood, embargo, acts of God or by cancellation or loss of any major contract;

(d) except as set forth in Exhibit B hereto, there is no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or agency or arbitral body now pending, or to the knowledge of Sykes, threatened by or against or affecting Sykes or any of its Subsidiaries or any properties or rights of Sykes or any of its Subsidiaries which, if adversely determined, would impair the right of Sykes or any such Subsidiary to carry on business substantially as now conducted or would materially adversely affect the financial condition, business or operations of Sykes or any such Subsidiary;

(e) Sykes and its Subsidiaries have filed or caused to be filed all federal, state and local tax returns which are required to be filed and have paid or caused to be paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due;

(f) neither Sykes nor any of its Subsidiaries is

(i) a party to any judgment, order, decree or any agreement or instrument or subject to corporate restrictions materially adversely affecting its business, properties or assets, operations or condition (financial or otherwise);

(ii) in default in the performance, observance or fulfillment of any material obligations, covenants or conditions contained in any agreement or instrument to which it is a party;

(g) no part of the proceeds of any loan hereunder will be used to purchase or carry or to reduce or retire any loan incurred to purchase or carry, any "margin securities" (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System) or to extend credit to others for the purpose of purchasing or carrying any such margin stocks. Neither Sykes nor any of its Subsidiaries is engaged, as one of its important activities, in extending credit for the purpose of purchasing or carrying such margin stock. If requested by the Bank, Sykes will furnish to the Bank in connection with any loan hereunder, a statement in conformance with the requirements of Federal Reserve Form U-1 referred to in said Regulation;

(h) Sykes and its Subsidiaries possess all necessary patents, licenses, trademarks, trademark rights, tradenames, tradename rights and copyrights to conduct their respective businesses without known conflict with any patent, license, trademark, tradename or copyrights of any other Person;

(i) none of the Loan Documents contains any misrepresentations or untrue statement or fact or omits to state a material fact necessary in order to make any such representation or statement contained therein not misleading;

(j) neither the nature of Sykes nor any of its Subsidiaries nor of their respective businesses or properties, nor any relationship between Sykes or any such Subsidiary and any other Person, nor any circumstance in connection with the offer, issue, sale or delivery of the notes is such as to require a consent, approval or authorization of, or filing, registration or qualification with, any governmental authority on the part of Sykes or any such Subsidiary as a condition in the execution and delivery of this Loan Agreement or any other Loan Document;

(k) neither Sykes nor any of its Subsidiaries has incurred or assumed any liability for any accumulated unfunded deficiency within the meaning of the Employee Retirement Income Security Act of 1974 as amended ("ERISA") or has incurred any material liability to the Pension Benefit Guaranty Corporation ("PBGC") established under ERISA (or any successor thereto under ERISA) in connection with any employee benefit plan established or maintained by Sykes or any such Subsidiary. Sykes will furnish to the Bank

(i) as soon as possible and in any event within 30 days after Sykes or duly appointed administrator of a Plan knows or has reason to know that any Reportable Event with respect to any Plan has occurred, a statement of the Chief Financial Officer of Sykes setting forth details as to such Reportable Event any action which Sykes proposes to take with respect thereto, together with a copy of the notice of such Reportable Event given to the PBGC or a statement that said notice will be filed with the annual report to the United States Department of Labor with respect to such Plan if such filing has been authorized;

(ii) promptly after the filing thereof with the United States Department of Labor, the Internal Revenue Service of the PBGC copies of each annual report and other reports with respect to each Plan; and

(iii) promptly after receipt thereof a copy of any notice Sykes or any member of the Controlled Group may receive from the United States Department of Labor, the Internal Revenue Service of the PBGC with respect to any Plan;

The terms "Plan" and "Reportable Event" are defined in Title IV of ERISA. The term "Controlled Group" is defined in Section 1563 of the Internal Revenue Code of 1954 as amended (the "Code");

(m) except as set forth on Exhibit C, Sykes and its Subsidiaries have good and marketable fee simple title to all their respective properties (Exhibit C lists all properties subject to liens and identifies the lienholder).

ARTICLE IV

AFFIRMATIVE COVENANTS

4.01 Sykes covenants and agrees that from the date hereof and until payment in full of all principal and interest on the Notes and the Letter of Credit Obligations and until the Bank's obligation to extend credit hereunder has been terminated, Sykes will (unless the Bank shall otherwise consent in writing):

(a) as soon as practical and in any event not later than within one hundred twenty (120) days of the end of each fiscal year ending after the Closing Date, deliver to the Bank its Form 10-K as filed with the

Securities and Exchange Commission which will include at a minimum a financial report including a consolidated balance sheet of Sykes and its Subsidiaries as at the end of such fiscal year, and the notes thereto, and the related consolidated statements of income and retained earnings and the notes thereto and of changes in cash flows for such fiscal year, setting forth in each case comparative financial statements for the corresponding period in the preceding year, all prepared in accordance with Generally Accepted Accounting Principles applied on a Consistent Basis and certified (in the case of consolidated financial statements only) by independent certified public accountants selected by Sykes and acceptable to the Bank;

(b) as soon as practical and in any event not later than within sixty
(60) days after the end of each fiscal quarter of each fiscal year of Sykes, deliver to the Bank its Form 10-Q as filed with the Securities and Exchange Commission which will include at a minimum a financial report (in audit format) including a consolidated balance sheet of Sykes and its Subsidiaries as at the end of such quarterly period and the related consolidated statements of income for the period from the beginning of the current fiscal year to the end of such quarterly period, all prepared in accordance with Generally Accepted Accounting Principles applied on a Consistent Basis;

(c) together with each delivery of financial reports required by Sections 4.01(a) and (b) hereof, deliver to the Bank a statement signed by the chief financial officer of Sykes substantially in the form of Exhibit D hereto, (i) setting forth the calculations of the actual results of Sykes concerning the financial covenants as set forth in Sections 4.01(f), (g) and (h) for the period then ended compared to the required covenant levels set forth in such sections, (ii) setting forth the calculation of Consolidated Gross Funded Indebtedness as of the last day of the period then ended to Consolidated EBITDA for the four fiscal quarterly periods then ending (provided, however, the information required by subsections (i) and (ii) shall only be required if Advances are outstanding hereunder or in connection with the making of the initial Advance hereunder) and (iii) setting forth that, to the best of his knowledge, the Borrowers have kept, observed, performed and fulfilled each and every agreement binding on them contained in the Loan Documents and are not at the time in default in the keeping, observance, performance or fulfillment of any of the terms, provisions and conditions of any of the Loan Documents, and that no event of default specified in Article VI hereof, nor any event, which, upon notice or lapse of time or both, would constitute such an event of default, has occurred, or if such event of default exists or would occur as the case may be, stating the nature thereof, the period of existence thereof and what action Sykes proposes to take with respect thereto;

(d) promptly upon becoming available, deliver to the Bank a copy of all financial statements, reports, notices, proxy statements and press releases sent to non-management stockholders and to the Securities and Exchange Commission;

(e) promptly, from time to time, deliver to the Bank such other information regarding its operations, business affairs and financial condition as the Bank may reasonably request. The Bank agrees to hold such information on a confidential basis; provided, however, the Bank is hereby authorized to deliver a copy of any such financial information delivered hereunder to the Bank to any regulatory authority having jurisdiction over the Bank on a need-to-know basis and the Bank is authorized to disclose such information if required pursuant to legal process;

(f) maintain for Sykes and its Subsidiaries on a consolidated basis at the end of each fiscal quarter Consolidated Tangible Net Worth of at least $100,000,000.00; provided, however, such amount shall be increased on the last day of each fiscal year (commencing with the fiscal year ending December 31, 1996) by an amount equal to 50% of Consolidated Net Income of Sykes and its Subsidiaries for such fiscal year (but not decreased by losses in any such fiscal year);

(g) maintain for Sykes and its Subsidiaries on a consolidated basis at the end of each fiscal quarter a ratio of Consolidated Net Funded Indebtedness (computed on the last day of such quarter) to Consolidated EBITDA (computed for the 12 months then ended) of no greater than 3.0 to 1.0;

(h) maintain for Sykes and its Subsidiaries on a consolidated basis at the end of each fiscal quarter a ratio of Consolidated EBIT to Consolidated Interest Expense of at least 3.0 to 1.0 (computed for the fiscal 12 months then ending);

(i) do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights and franchises;

(j) comply with or contest in good faith, and cause each of its Subsidiaries to comply with or contest in good faith, all statutes and governmental regulations and pay, and cause each of its Subsidiaries to pay, all taxes, assessments, governmental charges, material claims for labor, significant amount of supplies, rent and any other material obligation which, if unpaid, might become a lien against any of Sykes' or any such Subsidiary's property except liabilities being contested in good faith and against which, if requested by the Bank reserves satisfactory to the Bank will be established;

(k) at all times keep the insurable properties of Sykes and its Subsidiaries insured to such extent and against such risks, including, without limitation, public liability insurance, worker's compensation and other insurance required by law, as is customary with companies of comparable size in the same or similar business;

(l) preserve, protect, retain and maintain free from encumbrances the patents, licenses trademarks, trademark rights, tradenames, tradename rights and copyrights of Sykes and its Subsidiaries and maintain all of the other properties and assets used or useful in the conduct of the business of Sykes and its Subsidiaries in good repair, working order and condition and from time to time cause to be made all proper replacements, betterments and improvements thereto;

(m) keep true books of records and accounts in accordance with Generally Accepted Accounting Principles applied on a Consistent Basis, and in which full, true and correct entries will be made of all of its dealings and transactions;

(n) permit any officer of the Bank designated in writing by the Bank, to visit and inspect any of the properties, corporate books and financial records of Sykes or any of its Subsidiaries at such times as the Bank may reasonably request upon reasonable notice and during ordinary business hours;

(o) upon the written request of the Bank, authorize any officer of the Bank to discuss the financial statements and financial affairs of Sykes and its Subsidiaries at any time from time to time with Sykes' independent certified public accountants upon reasonable notice and during ordinary business hours;

(p) deliver to the Bank forthwith, upon any officer obtaining knowledge of an event of default under the Loan Documents (and such officer was aware that such event was an event of default under the Loan Documents) or an event which would constitute such an event of default but for the requirement that notice be given or time elapse or both, a certificate of the chief executive officer or treasurer of Sykes specifying the nature and period of existence thereof and what action Sykes propose to take with respect thereto;

(q) notify the Bank in writing within five (5) Business Days of the earlier of the occurrence or the obtaining of any knowledge by any officer of Sykes of any of the following with respect to Sykes or any of its Subsidiaries:

(i) the pendency or commencement of any material action, suit or proceeding at law or in equity wherein the opposing party seeks damages of more than $750,000.00;

(ii) any event or condition which shall constitute an event of default under the Loan Agreement or any other agreement for borrowed money or any known or potential material change in this or any other contractual agreement;

(iii) any levy of an attachment, execution or other process against the assets of Sykes or any of its Subsidiaries;

(iv) any change in any existing agreement or contract which may adversely affect the business or affairs, financial or otherwise of Sykes or any of its Subsidiaries; and

(r) maintain a primary banking relationship with the Bank.

ARTICLE V

NEGATIVE COVENANTS

5.01 Until payment in full of the principal and interest of the Notes and the Letter of Credit Obligations and until the Bank's obligation to extend credit hereunder has been terminated, Sykes covenants that (without the prior written consent of the Bank) it will not:

(a) incur, create, assume or permit to exist any Indebtedness (or permit any of its Subsidiaries to incur, create, assume or permit to exist any Indebtedness), however evidenced, or its equivalent, except

(i) the Loans hereunder and loans permitted hereby;

(ii) existing indebtedness set forth in Exhibit E hereof on the terms represented to the Bank on the date of this amendment and restatement as then in effect; and

(iii) Consolidated Acquisition Indebtedness;

(b) incur, create, assume or permit to exist any mortgage, pledge, lien, charge or other encumbrance of any nature whatsoever on any of the assets of Sykes or any of its Subsidiaries, now or hereafter owned, other than

(i) existing liens as set forth in Exhibit C hereto;

(ii) any unfiled lien of materialmen, mechanics, workmen, warehousemen, carriers, landlords or repairmen arising in the ordinary course of business which do not materially detract from the value of the assets of Sykes or any of its Subsidiaries in the aggregate or otherwise materially impair the operation of the business of Sykes or any of its Subsidiaries; provided that if such a lien shall be perfected and shall not be contested in good faith, it shall be discharged of record immediately by payment, bond or otherwise;

(iii) tax liens which are being contested in good faith;

(iv) existing liens on assets of acquired entities which secure Indebtedness that contains punitive prepayment provisions; provided, however, such Indebtedness shall not exceed $15,000,000 in the aggregate at any time outstanding;

(c) acquire, consolidate, merge or combine with any Person unless Sykes is the surviving entity after such transaction and immediately following the transaction, the Borrowers are not in violation of the Loan Agreement;

(d) other than in the ordinary course of business, sell, lease, transfer or otherwise dispose of (or permit any of its Subsidiaries to sell, lease, transfer or otherwise dispose of) the properties and assets of Sykes or any of its Subsidiaries;

(e) guarantee, endorse or become liable for (or permit any of its Subsidiaries to guarantee, endorse or become liable for) directly or indirectly the obligations of any Person (other than Sykes) other than endorsement of negotiable instruments in the ordinary course of business;

(f) create or permit to exist any Subsidiaries unless such Subsidiaries become parties to this Loan Agreement on a co-borrower basis with the other Borrowers pursuant to documentation reasonably satisfactory to the Bank; provided, however, the foregoing shall not be applicable to any now existing or hereafter created Subsidiaries if Sykes and the Bank shall mutually agree to exclude such Subsidiaries;

(g) permit any change in the basic business of Sykes or any of its Subsidiaries; or

(h) permit any material adverse change in the financial condition of Sykes.

ARTICLE VI

EVENTS OF DEFAULT AND ACCELERATION

6.01 Any of the following shall be events of default hereunder:

(a) the failure of any Borrower, the Swedish Subsidiary or either Netherlands Subsidiary to make payment when due of any installment of principal or payment of interest required by any of the Notes or any Letter of Credit Application;

(b) the failure of any Borrower, the Swedish Subsidiary or either Netherlands Subsidiary to comply with any other covenants or terms in this Loan Agreement or any other Loan Document and the continuation of such failure for a period of thirty (30) days after Sykes receives written notice thereof from the Bank;

(c) if any representation or warranty made by any Borrower in this Loan Agreement or in any other Loan Document or by any Borrower, the Swedish Subsidiary or either Netherlands Subsidiary to the Bank shall be untrue in any material respect;

(d) in the event that Sykes or any of its Subsidiaries

(i) shall make an assignment for the benefit of creditors; or

(ii) has a petition initiating a proceeding under any section or chapter of the Bankruptcy Code of its amendments, filed by or against it and, if against it, such petition is not set aside within forty-five
(45) days after such filing; or

(iii) shall file any proceedings for dissolution or liquidation; or

(iv) has a receiver, trustee or custodian appointed for all or part of its assets; or

(v) seeks to make an adjustment, settlement or extension of its debts with its creditors generally; or

(vi) has a notice of an action for enforcement of a lien filed or recorded or a judgment lien or execution obtained against it in excess of an aggregate of $20,000.00 which notice of lien is not removed, or satisfied or contested in good faith within thirty (30) days after any officer of Sykes becomes aware of such lien;

(e) if Sykes or any of its Subsidiaries shall default in the performance of any obligation in connection with any agreement between it and the Bank (other than any Loan Document); or

(f) if Sykes or any of its Subsidiaries in the performance of any other agreement between it and any other lender defaults and such default results in acceleration of any other indebtedness of Sykes or any of its Subsidiaries for borrowed money and such indebtedness accelerated is not satisfied within fourteen (14) days from the date of such acceleration.

6.02 Upon the occurrence of any such event of default (taking into account applicable grace periods, if any, as provided in Section 6.01 hereof) and unless the Bank agrees to waive in writing such an event of default:

(a) the Bank's commitment to make Advances shall terminate and all of the indebtedness of any and every kind owing by the Borrowers to the Bank or any corporate affiliate of the Bank shall become due and payable upon written notice to the Borrowers (other than an event of default described in Section 6.01(d) in which case the Bank's commitment to make Advances shall automatically terminate and such indebtedness shall become due and payable immediately without necessity of written demand) without the necessity of any other demand, presentment, protest or notice upon the Borrowers, all of which are hereby expressly waived by the Borrowers;

(b) all of the obligations of the Borrowers under the Loan Documents shall thereupon be immediately due and payable without the necessity of any other demand, presentment, protest or notice upon the Borrowers, all of which are hereby expressly waived by the Borrowers;

(c) the Bank shall have the right, immediately and without further action by it, to set-off against the Notes and the Guaranty Agreement all money owed by the Bank in any capacity to any Borrower, whether or not due, and the Bank shall be deemed to have exercised such right of set-off and to have made a charge against any such money immediately upon the occurrence of such event of default even though such charge is made or entered on the books of the Bank subsequent thereto; and

(d) the Bank may demand, and the Borrowers shall immediately pay to the Bank upon such demand, cash in an amount equal to the then outstanding Letter of Credit Obligations and foreign exchange contract obligations of the Borrowers to the Bank which will be held in an interest bearing cash collateral account in the name of the Borrowers and under the dominion and control of the Bank as additional security for the reimbursement obligations which may thereafter arise on account of subsequent drawings or payments under the Letters of Credit or such foreign exchange contracts.

ARTICLE VII

MISCELLANEOUS

7.01 Any notice shall be conclusively deemed to have been received by any party hereto and be effective on the day on which delivered to such party at the address set forth below or such other address as such party shall specify to the other party in writing, or if sent prepaid by certified or registered mail or by telegram or telex (where the receipt of such message is verified by return) on the third Business Day after the day on which mailed (or sent), addressed to such party at said address:

(a) if to any Borrower at the following address:

c/o Sykes Enterprises, Incorporated 100 North Tampa Street
Suite 3900
Tampa, Florida 33602
Attention: Scott J. Bendert,
Chief Financial Officer

(b) if to the Bank:

NationsBank, N.A.

NationsBank Plaza, NC1-002-03-10
Charlotte, North Carolina 28255

Attention: William A. Serenius,
Sr. Vice President

7.02 No failure or delay on the part of the Bank in the exercise of any right, power or privilege hereunder or under any other Loan Document shall operate as a waiver of any such right, power or privilege nor shall any preclude any other or further exercise thereof. The rights and remedies herein provided are cumulative and not exclusive or any rights or remedies provided by law.

7.03 All covenants, agreements, representations and warranties made herein and in the other Loan Documents shall survive the making by the Bank of the loans herein contemplated and the execution and delivery to the Bank of the Loan Documents and shall continue in full force and effect so long as any of the indebtedness of the Borrowers to the Bank or any obligations of the Borrowers to the Bank remain outstanding and unpaid. Whenever in this Loan Agreement, any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party and all covenants, provisions and agreements by or on behalf of the Borrowers which are contained in the Loan Documents or this Loan Agreement shall inure to the benefit of the successors and assigns of the Bank.

7.04 The Borrower agrees to pay $7,500 to the Bank's counsel in connection with the preparation, execution and delivery of the Loan Documents and all other documents necessary to consummate the transactions contemplated by the commitment letter of the Bank to Sykes including all documents to effect releases of collateral and insurance assignments held by the Bank under the previous loan documentation. The Borrowers also agree to pay the costs and expenses of the Bank in connection with the enforcement of the Loan Documents and this Loan Agreement, as well as any actual filing and recording fees and stamp and other taxes with respect thereto.

7.05 No approval required by the Bank ("Approval") hereunder nor any modification, amendment or waiver ("Waiver") of any provision of this Loan Agreement or any other Loan Document, nor any consent to any departure by the Borrowers therefrom ("Consent") shall in any event be effective unless the same shall be delivered in accordance with the provisions of Section 7.01 hereof, and then such Approval, Waiver or Consent shall be effective only in the specific instance and for the purpose for which given, but any such Approval, Waiver or Consent when so signed shall be effective and binding upon the Bank. Notice to or demand on the Borrowers in any case shall not entitle the Borrowers to any other or further notice or demand in the same, similar or other circumstances.

7.06 Interest, fees and premiums hereunder shall be computed on the basis of a three hundred sixty (360) day year for the actual number of days in the interest period unless any promissory note for foreign currency borrowings contains a contrary calculation.

7.07 Should any installment or other payment of the principal of or interest on any Note become due and payable on other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day thereafter and in the case of an installment of principal, interest shall be payable thereon at the rate per annum herein specified during such extension.

7.08 This Loan Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and it shall not be necessary in making proof of this Loan Agreement to produce or account for more than one such counterpart.

7.09 The terms hereof shall extend to any subsequent holder of the Notes and the Guaranty Agreement.

7.10 The term of this Loan Agreement shall be until payment in full of all sums payable by the Borrowers hereunder, under the Notes, or otherwise payable to the Bank, howsoever evidenced, whichever is later.

7.11 All documents executed pursuant to the transactions contemplated herein, including without limitation this Loan Agreement and each of the Notes, shall be deemed to be contracts made under, and for all purposes shall be construed in accordance with, the internal laws and judicial decisions of the State of North Carolina. The Borrower hereby submits to the jurisdiction and venue of the state and federal courts of North Carolina for the purposes of resolving disputes hereunder or for the purposes of collection.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed under seal by their duly authorized officers in Charlotte, North Carolina at the offices of the Bank as of the day and year first above written.

SYKES ENTERPRISES, INCORPORATED

ATTEST:

By --

By /s/ SCOTT J. BENDERT

Scott J. Bendert
Vice President, Treasurer and Chief Financial Officer

Title --

(Corporate Seal)

SYKES REALTY, INC.

ATTEST:

By --

By /s/ SCOTT J. BENDERT

Scott J. Bendert
Treasurer

Title --

(Corporate Seal)

DIAGSOFT, INC.

ATTEST:

By --

By /s/ SCOTT J. BENDERT

Scott J. Bendert
Vice President

Title --

(Corporate Seal)

NATIONSBANK, N.A.

By /s/ WILLIAM A. SERENIUS

William A. Serenius
Senior Vice President

EXHIBIT A

LIST OF SUBSIDIARIES AND OWNERSHIP IN OTHER PERSONS

EXHIBIT B

LITIGATION

EXHIBIT C

LIENS

EXHIBIT D

OFFICER'S CERTIFICATE

[LETTERHEAD OF SYKES ENTERPRISES, INCORPORATED]

, 19

Mr. William A. Serenius
Senior Vice President
NationsBank, N.A.
Charlotte Region Commercial Banking
NationsBank Plaza NC1-002-03-10
Charlotte, North Carolina 28255

Dear Mr. Serenius:

In accordance with Section 2.05 of the December 31, 1996 Loan Agreement, by and among Sykes Enterprises, Incorporated, certain of its subsidiaries and NationsBank, N.A. (the "Loan Agreement"), the following is the status of the Revolving Loan Facility components as of :

```
1.   The outstanding aggregate principal balance of the Krona
     Note as of the Calculation Date: Krona           ;
     multiplied by Exchange Rate @           as of the
     Calculation Date results in U.S. Dollar Equivalent of.......  $
2.   The outstanding aggregate principal balance of the Guilder
     Note as of the Calculation Date: Guilder           ;
     multiplied by Exchange Rate @           as of the
     Calculation Date results in U.S. Dollar Equivalent of    ...  $
3.   The outstanding principal balance of the Dollar Note........  $
4.   The outstanding Letter of Credit Obligations................  $
5.   The outstanding Foreign Exchange Contracts valued in U.S. $
     margined at 15% of U.S. Dollar Value = exposure of       ...  $
6.   Total Exposure (the sum of lines 1, 2, 3, 4 and 5)..........  $
7.   Revolving Loan Committed Amount.............................  $25,000,000
8.   Availability (line 7 minus line 6)..........................  $
```

With reference to the Loan Agreement, I hereby certify on behalf of the borrower as follows:

A. The above statements are true and correct.

B. The terms used in calculating the above amounts which are defined in the Loan Agreement have the respective meanings therein specified;

C. As of the date hereof, no Event of Default or event which might mature into an event of default has occurred and is continuing.

SYKES ENTERPRISES, INCORPORATED

By

Scott J. Bendert Chief Financial Officer

EXHIBIT E

INDEBTEDNESS

SELECTED FINANCIAL DATA

The following selected financial data has been derived from the Company's consolidated financial statements. 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.

	Years Ended July 31,			Five Months Ended December 31,	Years Ended December 31,	
	1992	1993	1994	1994	1995	1996
	(In thousands, except per share amounts)					
Statement of Operations Data:						
Revenues	$47,189	$56,912	$55,589	$21,613	$74,595	$117,018
Income from operations	2,410	1,872	1,441	213	4,771	15,320
Net income (loss)(1)	1,378	720	595	(179)	2,224	9,703
Per Share Data:						
Net income (loss)(1)	$0.08	$0.04	$0.04	$(0.01)	$0.13	$0.49

	July 31,			December 31,		
	1992	1993	1994	1994	1995	1996
Balance Sheet Data:						
Working capital	$6,269	$4,463	$4,482	$5,022	$1,050	$110,743
Total assets	17,773	16,624	21,960	28,287	46,151	163,828
Long-term debt, less current installments	2,172	276	3,245	6,987	8,590	226
Shareholders' equity	7,787	8,678	9,297	8,277	10,864	134,737

(1) Adjusted as if an affiliate of the Company included in the consolidated financial statements, which was an S corporation for federal income tax purposes, were subject to income taxes for all periods presented, based on the tax laws in effect during the respective periods.

Market Shareholder Data

Sykes common stock has been quoted on the Nasdaq National Market under the symbol SYKE since Sykes' initial public offering in April 1996. 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 since April 30, 1996, as adjusted for a three for two stock split effected on July 28, 1996.

Year Ending December 31,	High	Low
1996		
First Quarter	N/A	N/A
Second Quarter (commencing April 30)	$36 1/8	$20 1/2
Third Quarter	48 3/4	25 1/8
Fourth Quarter	53 1/8	35 1/2

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 25, 1997, the last sale price of the registrant's common stock was $32 on the Nasdaq National Market, and there were approximately 56 holders of record of the common stock. The Company believes that there are approximately 4,500 beneficial owners of its common stock.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following should be read in conjunction with the Consolidated Financial Statements, including the notes thereto. Effective August 1, 1994, the Company changed its fiscal year end from July 31 to December 31. The following discussion compares the twelve months ended December 31, 1996 ("1996") to the twelve months ended December 31, 1995 ("1995"), and 1995 to the twelve months ended December 31, 1994 ("1994"). See Note 16 of Notes to Consolidated Financial Statements for the corresponding selected consolidated financial data. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. 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.

OVERVIEW

The Company derives its revenues from providing information technology ("IT") support services and information technology development services and solutions. Revenues from information technology support services provided through the IT call centers and the sale of diagnostic software are recognized as services are rendered. These services are billed on a fee per call, rate per minute, time and material or unit basis. Information technology development services and 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. Most of the Company's revenues are 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 revenues derived from such contracts in the future. Revenues from these information technology services have increased significantly from $43.7 million in 1994 to $116.6 million in 1996.

In 1993, in an effort to capitalize on a trend toward the outsourcing of information technology services, the Company began providing information technology support services through the opening of IT call centers while phasing out its non-information technology services. Revenues from these services decreased $5.0 million from 1994 to 1995 and decreased $4.1 million from 1995 to 1996. The phase-out of these services was substantially completed in 1995.

Direct salaries and related costs includes 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 and other indirect costs. General and administrative costs incurred in opening new IT call centers are expensed when incurred. Interest and other income (expense) consists primarily of interest expense and foreign currency transaction gains and losses. Foreign currency transaction gains and losses generally result from exchange rate fluctuations on intercompany transactions.

Grants from local or state governments for the acquisition of property and equipment are deferred and recognized as income over the corresponding useful lives of the related property and equipment. The deferred grants, net of amortization, totaled $6.8 million and $11.7 million at December 31, 1995 and 1996, 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 the provision of potential additional income tax liability resulting from an Internal Revenue Service examination currently being conducted. The Company believes its reserves for any liability that may result from this examination are adequate.

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:

	Percentage of Revenues		
	Years Ended December 31,		
	1994	1995	1996
Revenues	100.0%	100.0%	100.0%
Direct salaries and related costs	63.4	59.8	56.1
General and administrative(1)	34.4	33.8	30.8
Income from operations	2.2	6.4	13.1
Interest and other income (expense)	(1.0)	(1.0)	0.5
Income before income taxes	1.2	5.4	13.6
Provision for income taxes(2)	0.9	2.4	5.3
Net income(1)(2)	0.3%	3.0%	8.3%

(1) Includes non-cash compensation expense of 1.3% related to the grant of stock options to an executive officer in 1995.
(2) Adjusted as if an affiliate of the Company included in the consolidated financial statements, which was an S corporation for federal income tax purposes, were subject to income taxes for all periods presented, based on the tax laws in effect during the respective periods. See Note 15 of Notes to Consolidated Financial Statements.

1996 COMPARED TO 1995

Revenues. Revenues increased $42.4 million, or 56.9%, to $117.0 million in 1996 from $74.6 million in 1995. These results reflect an increase in revenues of $40.6 million from information technology support services provided through IT call centers and an increase in revenues of $5.9 million from information technology services and solutions, partially offset by a $4.1 million reduction in revenues from non-information technology services that were substantially phased out in 1995.

The increase in information technology support services revenues was primarily attributable to an increase in the number of IT call centers providing services throughout the period, the addition of several significant customers since 1995 and the resultant increase in call volumes from clients. During the fourth quarter of 1995, the Company opened two new IT call centers which were fully operational throughout 1996, and opened three additional centers in 1996. In addition, the Company has added 36 customers in its information technology support services since the beginning of 1995, giving it 58 customers that utilized these services as of December 31, 1996. The increase in revenues for information technology services and solutions was primarily attributable to the increase in hours billed to customers for professional services when compared to the prior period.

Direct Salaries and Related Costs. Direct salaries and related costs increased $21.1 million, or 47.3%, to $65.7 million in 1996 from $44.6 million in 1995. As a percentage of revenues, however, direct salaries and related costs decreased to 56.1% in 1996 from 59.8% in the comparable 1995 year. The increase in the amount of direct salaries and related costs was attributable to the addition of personnel to support revenue growth. The decrease as a percentage of revenues resulted from economies of scale associated with spreading costs over a larger revenue base and the continued change in the Company's mix of business reflecting the growth of information technology support services as a percentage of consolidated results.

General and Administrative. General and administrative expenses increased 42.8% to $36.0 million in 1996 from $25.2 million in 1995. As a percentage of revenues, however, general and administrative expenses decreased to 30.8% in 1996 from 33.8% in 1995. The increase in the amount of general and administrative expenses was primarily attributable to the addition of management and administrative personnel to support the Company's growth and depreciation expenses associated with facility and capital equipment expenditures incurred in connection with the IT call centers.

Interest and Other Income. Interest and other income increased to $0.6 million during 1996 from interest and other expense of $0.7 million during 1995. As a percentage of revenues, interest and other income was 0.5% in 1996 from interest and other expense of 1.0% in 1995. The increase was primarily attributable to an increase in the Company's cash position as a result of public offerings completed during 1996. The Company repaid all amounts outstanding under bank borrowing arrangements and invested the remaining net proceeds of the offerings in short term investment grade securities and money market instruments.

Income Taxes. Income taxes increased $4.4 million, or 238.2%, to $6.2 million during 1996 from $1.8 million during 1995, and increased as a percentage of revenues to 5.3% from 2.4%, respectively. This increase was attributable to the significant increase in the amount of income before income taxes and in income before income taxes as a percentage of revenues. However, the Company's marginal tax rate decreased to 39.3% during 1996 primarily as a result of nondeductible expenses being a lower percentage of the larger income before income taxes and tax-exempt interest income.

Net Income. As a result of the foregoing, net income increased to $9.7 million in 1996 from $2.2 million in 1995.

1995 COMPARED TO 1994

Revenues. Revenues increased $21.4 million, or 40.3%, to $74.6 million in 1995 from $53.2 million in 1994. These results reflect an increase in revenues of $22.4 million from information technology support services provided through IT call centers and an increase in revenues of $4.0 million from information technology services and solutions. These increases were partially offset by a $5.0 million reduction in revenues from the non- information technology services that were substantially phased out in 1995.

The increase in information technology support services revenues was primarily attributable to an increase in the number of IT call centers providing services throughout the year, the addition of several significant customers and the resultant increase in call volumes from clients. During the fourth quarter of 1995, the Company opened two new IT call centers in addition to the four opened during 1994, all four of which were fully operational throughout 1995. In addition, the Company added 27 customers for its information technology support services during 1995, giving it 49 customers that utilized these services as of December 31, 1995. The increase in revenues for information technology services and solutions was primarily attributable to the increase in hours billed to customers for professional services when compared to the prior year.

Direct Salaries and Related Costs. Direct salaries and related costs increased 32.2% to $44.6 million in 1995 from $33.7 million in 1994. As a percentage of revenues, however, direct salaries and related costs decreased to 59.8% in 1995 from 63.4% in 1994. The increase in the amount of direct salaries and related costs was attributable to the addition of personnel to support revenue growth. The decrease as a percentage of revenues resulted from economies of scale associated with spreading costs over a larger revenue base.

General and Administrative. General and administrative expenses increased 37.8% to $25.2 million in 1995 from $18.3 million in 1994. As a percentage of revenues, general and administrative expenses decreased to 33.8% in 1995 from 34.4% in 1994. The increase in the amount of general and administrative expenses was primarily attributable to the addition of management and administrative personnel to support the Company's growth and depreciation expense associated with facility and capital equipment expenditures incurred in connection with the IT call centers. The increase also was attributable to a non-cash compensation expense of $949,960 related to the grant of stock options to an executive officer in 1995. The decrease as a percentage of revenues resulted from economies of scale associated with spreading costs over a larger revenue base.

Interest and Other Expense. Interest and other expense increased 49.1% to $0.7 million in 1995 from $0.5 million in 1994, but remained constant as a percentage of revenues. The increase was primarily attributable to an increase in the Company's borrowings and increased rates of interest on such borrowings during 1995. The Company's borrowings increased to $10.2 million at December 31, 1995 from $7.7 million at December 31, 1994, primarily as a result of capital expenditures required for the IT call centers.

Income Taxes. Income taxes increased $1.3 million, or 259.5%, to $1.8 million during 1995 from $0.5 million in 1994, and increased as a percentage of revenues to 2.4% from 0.9%, respectively. This increase was attributable to the significant increase in the amount of income before income taxes and in income before income taxes as a percentage of revenues. However, the Company's marginal tax rate decreased to 45.0% in 1995 primarily as a result of nondeductible expenses being a lower percentage of the larger income before income taxes.

Net Income. As a result of the foregoing, net income increased to $2.2 million in 1995 from $155,000 in 1994.

QUARTERLY RESULTS

The following information presents unaudited quarterly operating results for the Company for 1995 and 1996. The data has been prepared by the Company on a basis consistent with the Consolidated Financial Statements included elsewhere in this Form 10-K, and includes all adjustments, consisting of normal recurring accruals, that the Company considers necessary for a fair presentation thereof. These operating results are not necessarily indicative of the Company's future performance.

	Quarter Ended							
	4/2/95	7/2/95	10/1/95	12/31/95	3/31/96	6/30/96	9/29/96	12/31/96
	(In thousands, except per share data)							
Revenues	$16,243	$16,832	$18,240	$23,280	$25,955	$26,512	$28,541	$36,010
Direct salaries and related costs	10,202	10,112	10,644	13,787	14,842	14,599	16,095	20,140
General and administrative(1)	5,368	5,586	5,807	8,316	8,203	8,507	8,704	10,609
Income from operations	673	1,134	1,789	1,177	2,910	3,406	3,742	5,261
Interest and other income (expense)	(70)	(220)	(220)	(218)	(291)	110	271	493
Income before income taxes	603	914	1,569	959	2,619	3,516	4,013	5,754
Provision for income taxes(2)	246	392	682	502	1,063	1,437	1,561	2,091
Net income(2)	$ 357	$ 522	$ 887	$457	$1,556	$ 2,079	$ 2,452	$ 3,663
Net income per share(2)	$ 0.02	$ 0.03	$ 0.05	$ 0.03	$ 0.09	$ 0.11	$ 0.12	$ 0.17
Weighted average shares outstanding	16,874	16,874	16,874	16,874	16,874	18,817	21,023	22,156

(1) Includes non-cash compensation expense of $949,960 related to the grant of stock options to an executive officer in the quarter ended December 31, 1995. Excluding the effect of such expense, income from operations, income before income taxes, and net income for the quarter ended December 31, 1995 would have been $2.1 million, $1.9 million and $1.0 million, respectively, and net income per share would have been $0.06.

(2) Adjusted as if an affiliate of the Company included in the consolidated financial statements, which was an S corporation for federal income tax purposes, were subject to income taxes for all periods presented, based on the tax laws in effect during the respective periods. See Note 15 of Notes to Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary sources of liquidity are equity offerings, cash flows from operations and available borrowings under its credit facility. The net proceeds to the Company of $39.7 million from its April 1996 initial public offering were used to repay debt and make capital expenditures. In November 1996, the Company received proceeds, net of offering expenses, of $71.5 million from the sale of approximately 1.6 million shares of common stock pursuant to a secondary offering. The Company intends to utilize these proceeds and the balance of the funds available from the initial public offering to make additional capital expenditures associated primarily with its technical support services as identified above, and for working capital and general corporate purposes, including possible acquisitions. Pending any such use, the Company will invest the balance of such funds in short-term, investment grade securities or money market instruments.

In December 1995, the Company entered into a $20.0 million credit facility. This facility consisted of a revolving line of credit of $12.0 million and an $8.0 million term loan maturing in May 1997. In addition, in 1994 the Company obtained a $1.3 million loan to construct one of the IT call centers. The Company used approximately $16.7 million of the net proceeds of its April 1996 initial public offering to repay all amounts outstanding under the Company's bank borrowings, and no bank borrowings are currently outstanding. Subsequent to the 1996 year end, the Company entered into an agreement replacing its previous credit line with an unsecured revolving $25 million facility. This new facility accrues borrowings at tiered levels between 125 and 200 basis points above listed Libor pursuant to a defined ratio calculation within the agreement. The facility matures in June 1998, and contains certain covenants associated with tangible net worth, debt and debt funding as defined by the agreement.

During 1996, the Company used approximately $0.5 million to fund operating activities, resulting primarily from an increase in the Company's accounts receivable associated with continued growth and resultant effects in mix of business, and a decrease in accounts payable, primarily in the first calendar quarter of 1996, from the payment of uncommonly large fourth quarter 1995 purchases. The Company has used a portion of its proceeds from its initial public offering, together with $5.3 million received as incentive grants from local and state governmental agencies, to fund $19.1 million of capital expenditures in 1996 predominantly to construct and outfit three new IT call centers. As a result of the Company's continued expansion, it is anticipated that 1997 capital expenditures will be approximately $18.0 million, primarily for completing additional IT call centers. Each IT call center requires approximately $2.0 million to construct and approximately $5.0 million of capital expenditures to complete the build-out and equip the center.

During 1996, the Company increased its European technical support presence and acquired additional sophisticated information technology capabilities to enhance its technical support services through the acquisitions of Datasvar Support AB and DiagSoft, Inc. ("the acquisitions"). The purchase price for the acquisitions was approximately 922,000 shares of the Company's common stock, and were accounted for using the pooling-of-interests method of accounting.

During 1995, the Company generated $8.9 million in cash from operations. The cash generated during 1995, together with $3.2 million in net borrowings and $2.6 million received as incentive grants from local and state governmental agencies in connection with additional IT call centers, was used to fund $13.7 million of capital expenditures during 1995. Capital expenditures, which consisted primarily of construction of facilities, information technology, telecommunications equipment and computer systems, and furniture and fixtures, were made to support the continued growth and expansion of the IT call centers. During 1995, the Company opened its sixth and seventh IT call centers and commenced construction of its eighth IT call center, which was opened in January 1996.

The Company believes that the net proceeds from its secondary offering, combined with available amounts of cash, accessible funds under its credit facilities and cash flows from operations, will be adequate to meet its capital requirements for the foreseeable future.

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying consolidated balance sheets of Sykes Enterprises, Incorporated and subsidiaries as of December 31, 1995 and 1996, and the related consolidated statements of operations, changes in shareholders' equity and cash flows for the year ended July 31, 1994, the five months ended December 31, 1994 and the years ended December 31, 1995 and 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sykes Enterprises, Incorporated and subsidiaries as of December 31, 1995 and 1996 and the consolidated results of their operations and their cash flows for the year ended July 31, 1994, the five months ended December 31, 1994, and the years ended December 31, 1995 and 1996, in conformity with generally accepted accounting principles.

/s/ COOPERS & LYBRAND L.L.P.

Tampa, Florida
February 14, 1997

SYKES ENTERPRISES, INCORPORATED
CONSOLIDATED BALANCE SHEETS

	DECEMBER 31, 1995	DECEMBER 31, 1996
ASSETS		
Current assets		
Cash and cash equivalents	$2,602,480	$89,205,758
Receivables, including unbilled	16,744,039	33,275,531
Prepaid expenses and other current assets	1,650,152	2,220,769
Total current assets	20,996,671	124,702,058
Property and equipment, net	24,384,987	38,535,585
Deferred charges and other assets	769,685	589,968
	$46,151,343	$163,827,611
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Current installments of long-term debt	$1,566,645	$ -
Accounts payable	6,221,965	3,957,741
Accrued employee compensation and benefits	5,849,096	7,100,279
Deferred income taxes	3,366,000	-
Other accrued expenses and current liabilities	2,942,782	2,901,158
Total current liabilities	19,946,488	13,959,178
Long-term debt	8,589,530	225,835
Deferred income taxes	-	3,236,000
Deferred grants	6,751,782	11,669,273
Commitments and contingencies (Notes 9 and 17)		
Shareholders' equity		
Preferred stock, $0.01 par value, 10,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock, $.01 par value; 50,000,000 shares authorized; 14,121,819 and 21,893,818 issued and outstanding	141,218	218,938
Additional paid-in capital	645,437	121,287,757
Retained earnings	10,008,015	13,267,885
Accumulated foreign currency translation adjustments	68,873	(37,255)
Total shareholders' equity	10,863,543	134,737,325
	$46,151,343	$163,827,611

See accompanying notes to consolidated financial statements

SYKES ENTERPRISES, INCORPORATED
CONSOLIDATED STATEMENTS OF OPERATIONS

	YEAR ENDED JULY 31, 1994	FIVE MONTHS ENDED DECEMBER 31, 1994	YEAR ENDED DECEMBER 31, 1995	YEAR ENDED DECEMBER 31, 1996
Revenues	$55,589,334	$21,612,513	$74,594,634	$117,018,154
Operating expenses				
Direct salaries and related costs	35,362,219	14,157,479	44,592,380	65,675,668
General and administrative	18,785,692	7,242,028	25,231,077	36,022,963
Total operating expenses	54,147,911	21,399,507	69,823,457	101,698,631
Income from operations	1,441,423	213,006	4,771,177	15,319,523
Other income (expense)				
Interest income	-	-	-	941,688
Interest expense	(134,657)	(192,170)	(726,142)	(419,988)
Other	(115,127)	(83,662)	(1,652)	61,261
Total other income (expense)	(249,784)	(275,832)	(727,794)	582,961
Income (loss) before income taxes	1,191,639	(62,826)	4,043,383	15,902,484
Provision for income taxes				
Current	(176,906)	63,852	817,044	6,468,000
Deferred	758,954	28,821	830,254	(383,000)
Total provision for income taxes	582,048	92,673	1,647,298	6,085,000
Net income (loss)	609,591	(155,499)	2,396,085	9,817,484
Preferred stock dividends	-	-	-	(47,343)
Net income (loss) applicable to common shareholders	$ 609,591	$ (155,499)	$ 2,396,085	$ 9,770,141
Pro forma income data (unaudited)				
Income (loss) before income taxes	$ 1,191,639	$ (62,826)	$ 4,043,383	$ 15,902,484
Pro forma provision for income taxes relating to S corporation	15,000	23,500	172,000	67,000
Actual provision for income taxes	582,048	92,673	1,647,298	6,085,000
Total provision and pro forma provision for income taxes	597,048	116,173	1,819,298	6,152,000
Pro forma net income (loss)	594,591	(178,999)	2,224,085	9,750,484
Preferred stock dividends	-	-	-	(47,343)
Pro forma net income (loss) applicable to common shareholders	$ 594,591	$ (178,999)	$ 2,224,085	$ 9,703,141
Pro forma net income (loss) per share	$ 0.04	$ (0.01)	$ 0.13	$ 0.49
Pro forma weighted average common and common equivalent shares outstanding	16,873,982	16,873,982	16,873,982	19,957,851

See accompanying notes to consolidated financial statements

SYKES ENTERPRISES, INCORPORATED
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	COMMON STOCK SHARES	COMMON STOCK AMOUNT	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	ACCUMULATED FOREIGN CURRENCY TRANSLATION ADJUSTMENT
Balance at August 1, 1993.......	14,300,166	$143,001	$ 366,380	$ 7,157,838	$ (3,414)
Contribution to capital........	-	-	350,000	-	-
Redemption of common stock.....	(363,462)	(3,634)	(96,366)	-	-
Issuance of common stock.......	61,704	617	(205)	-	-
Foreign currency translation adjustment....................	-	-	-	-	(95,428)
Net income.....................	-	-	-	609,591	-
Balance at July 31, 1994........	13,998,408	139,984	619,809	7,767,429	(98,842)
Foreign currency translation adjustment....................	-	-	-	-	3,802
Net loss.......................	-	-	-	(155,499)	-
Balance at December 31, 1994....	13,998,408	139,984	619,809	7,611,930	(95,040)
Issuance of common stock.......	41,342	413	26,449	-	-
Stock dividend.................	82,069	821	(821)	-	-
Foreign currency translation adjustment....................	-	-	-	-	163,913
Net income.....................	-	-	-	2,396,085	-
Balance at December 31, 1995....	14,121,819	141,218	645,437	10,008,015	68,873
Merger with Sykes Realty, Inc..	1,220,000	12,200	253,366	(827,554)	-
Conversion of redeemable preferred stock...............	298,686	2,987	5,373,365	(5,376,352)	-
Issuance of common stock.......	4,285,088	42,851	111,168,785	-	-
Three-for-two stock split......	1,968,225	19,682	(19,682)	-	-
Distribution...................	-	-	-	(306,365)	-
Tax effect of non-qualified exercise of stock options.....	-	-	3,866,486	-	-
Foreign currency translation adjustment....................	-	-	-	-	(106,128)
Preferred stock dividends......	-	-	-	(47,343)	-
Net income.....................	-	-	-	9,817,484	-
Balance at December 31, 1996....	21,893,818	$218,938	$121,287,757	$13,267,885	$(37,255)

See accompanying notes to consolidated financial statements

SYKES ENTERPRISES, INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED JULY 31, 1994	FIVE MONTHS ENDED DECEMBER 31, 1994	YEAR ENDED DECEMBER 31, 1995	YEAR ENDED DECEMBER 31, 1996
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)..................	$ 609,591	$ (155,499)	$2,396,085	$ 9,817,484
Depreciation and amortization.......	1,430,317	937,351	2,958,053	5,075,416
Deferred compensation..............	-	-	949,960	-
Deferred income taxes..............	758,954	28,821	830,254	(383,000)
Loss (gain) on disposal of property and equipment......................	109,877	34,949	43,840	(545)
Changes in assets and liabilities				
Receivables, including unbilled....	(667,874)	(1,272,499)	(5,323,205)	(15,929,295)
Prepaid expenses and other current assets...........................	(1,540,097)	(68,765)	(47,635)	(496,481)
Deferred charges and other assets..	(275,518)	146,194	42,941	(126,801)
Accounts payable..................	145,015	930,878	3,569,699	(2,883,810)
Accrued employee compensation and benefits.........................	664,662	(190,231)	2,502,987	1,251,183
Other accrued expenses and current liabilities......................	535,514	593,563	934,466	3,132,326
Net cash provided by (used for) operating activities...........	1,770,441	984,762	8,857,445	(543,523)
CASH FLOWS FROM INVESTING ACTIVITIES				
Capital expenditure................	(5,080,358)	(5,293,027)	(13,701,584)	(19,088,593)
Acquisition of business............	(104,000)	-	-	-
Proceeds from sale of property and equipment.........................	67,181	211,218	79,936	150,514
Net cash used for investing activities.....................	(5,117,177)	(5,081,809)	(13,621,648)	(18,938,079)
CASH FLOWS FROM FINANCING ACTIVITIES				
Paydowns under revolving line of credit agreements.................	(18,563,000)	(8,058,000)	(32,413,539)	(20,331,569)
Borrowings under revolving line of credit agreements.................	19,043,000	10,383,000	30,573,273	19,916,835
Proceeds from issuance of stock.....	32,917	-	26,861	111,211,636
Proceeds from grants...............	700,987	1,671,093	2,603,485	5,263,420
Proceeds from issuance of long-term debt..............................	3,023,056	1,630,056	5,000,000	-
Subsidiary stock redemption.........	(100,000)	-	-	-
Payment of long-term debt...........	(652,358)	(258,698)	(669,452)	(9,515,606)
Dividends paid.....................	-	-	-	(353,708)
Net cash provided by financing activities.....................	3,484,602	5,367,451	5,120,628	106,191,008
Adjustment for foreign currency translation........................	(95,428)	3,802	163,913	(106,128)
Net increase in cash and cash equivalents...................	42,438	1,274,206	520,338	86,603,278
CASH AND CASH EQUIVALENTS - BEGINNING	765,498	807,936	2,082,142	2,602,480
CASH AND CASH EQUIVALENT - ENDING...	$ 807,936	$2,082,142	$2,602,480	$89,205,758
Supplemental disclosures of cash flow information:				
Cash paid during the year for:				
Interest........................	$ 127,606	$ 225,657	$ 772,368	$ 334,630
Income taxes....................	$ 767,535	$ 2,411	$ 816,090	$ 3,187,242

See accompanying notes to consolidated financial statements

SYKES ENTERPRISES, INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Sykes Enterprises, Incorporated and consolidated subsidiaries (the "Company" or "Sykes") provide comprehensive information technology outsourcing services including information technology support services, consisting of technical product support, help desk services and diagnostic software tools, and information technology development services and solutions, consisting of software design, development, integration and implementation and documentation, foreign language translation and localization services. The Company's services are provided to a wide variety of industries.

Unless otherwise noted, all information has been adjusted to retroactively reflect the three-for-two stock split in the form of a 50% stock dividend to shareholders of record on July 18, 1996, which was reflected on the Nasdaq National Market on July 29, 1996.

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

Principles of Consolidation - The consolidated financial statements include the accounts of Sykes Enterprises, Incorporated and its wholly owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

Change in Fiscal Year - The Company changed its fiscal year end from July 31 to December 31 effective August 1, 1994. The consolidated statements of income, changes in shareholders' equity and cash flows for the year ended July 31, 1994, the five months ended December 31, 1994 and the years ended December 31, 1995 and 1996 are presented in the accompanying consolidated financial statements.

Recognition of Revenue - The Company primarily recognizes its revenue as services are performed. 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. Software sales are recognized upon shipment.

Cash and Cash Equivalents - Cash and cash equivalents consist of highly liquid short term investments classified as available for sale as defined under the Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities." At December 31, 1996, cash in the amount of approximately $79,975,000 was held in tax free interest bearing investments, approximately $6,721,000 was held in taxable interest bearing investments, both of which are classified as available for sale, and approximately $136,000 was held in an interest bearing account and pledged as collateral with respect to office space leased in Amsterdam, The Netherlands. It is the Company's intention to continue to maintain the Netherlands' investment throughout the term of the lease.

Shareholder Payable - The Company recorded a net payable due to its majority shareholder of approximately $645,000 which has been included in accounts payable at December 31, 1995. There was no balance due to the shareholders at December 31, 1996.

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES, continued

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 $1,338,000, $847,000, $3,171,00 and $5,725,000 for the year ended July 31, 1994, the five months ended December 31, 1994 and the years ended December 31, 1995 and 1996, respectively. Property and equipment includes approximately $620,000 of additions included in accounts payable at December 31, 1996. Accordingly, this non-cash transaction has been excluded from the accompanying consolidated statement of cash flows for the year ended December 31, 1996.

Land received from various governmental agencies under grants is recorded at fair value (as determined by an independent appraiser) at date of grant. During the years ended December 31, 1995 and 1996 the Company recorded approximately $1,824,000 and $317,000, 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, 1995 and 1996.

Deferred Charges and Other Assets - Deferred charges and other assets consist primarily of long-term deposits, and goodwill and covenants not to compete arising from business acquisitions. These intangible assets are being amortized over periods ranging from two to ten years.

Impairment of Long-lived Assets - The Company reviews long-lived assets and certain identifiable intangibles for impairment and writes down to fair value whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Since adoption, no impairment losses have been recognized.

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.

The Company and its consolidated subsidiaries are either taxed as C corporations or have elected to be taxed as an S corporation under the provisions of the Internal Revenue Code through the effective date of the Company's initial public offering (See Note 15). The Company's affiliate which elected to be taxed as an S corporation terminated its S corporation election during the year and accordingly became subject to federal and state income taxes.

Deferred Grants - Grants for relocation and the acquisition of property and equipment are deferred and recognized in income over the corresponding useful lives of their related property and equipment. There are no significant contingencies associated with the grants that would impact the Company's ability to utilize assets received in association with the grants.

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES, continued

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

Use of Estimates - The preparation of 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.

NOTE 2 - ACQUISITIONS AND MERGERS

On July 16, 1996, the Company acquired Datasvar Support AB ("Datasvar") of Stockholm, Sweden in exchange for 246,819 shares of the Company's common stock. Datasvar operates two information technology call centers in Sweden serving the Scandinavian region. Datasvar employs 97 employees and had 1995 revenues of approximately $5.3 million and after-tax earnings of approximately $1.0 million.

On August 30, 1996, the Company acquired all of the stock of DiagSoft, Inc. ("DiagSoft") in exchange for 675,000 shares of the Company's common stock. DiagSoft develops and markets diagnostic software applications which will enhance the Company's technology support services. DiagSoft employs 24 employees and had 1995 revenues of approximately $6.2 million and after-tax loss of approximately $112,000.

The above transactions have been accounted for as pooling-of-interests and, accordingly, the consolidated financial statements for the periods presented have been restated to include the accounts of Datasvar and DiagSoft.

Separate results of operations for the periods prior to the merger with Datasvar and DiagSoft are outlined on the following page.

NOTE 2 - ACQUISITIONS AND MERGERS, continued

	Year Ended July 31, 1994	Five Months Ended December 31, 1994	Year Ended December 31, 1995
Net Sales			
Sykes	$47,661,706	$18,167,860	$63,096,660
Datasvar	2,659,788	1,486,741	5,341,450
DiagSoft	5,267,840	1,957,912	6,156,524
Combined	$55,589,334	$21,612,513	$74,594,634
Net Income			
Sykes	$ 485,023	$ 34,435	$ 1,502,946
Datasvar	203,992	(32,243)	1,005,548
DiagSoft	(79,424)	(157,691)	(112,409)
Combined	$ 609,591	$ (155,499)	$ 2,396,085
Other changes in shareholder's equity			
Sykes	$ 291,249	$ (3,185)	$ 29,054
Datasvar	(36,265)	6,987	161,721
DiagSoft	(100,000)	-	-
Combined	$ 154,984	$ 3,802	$ 190,775

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of trade receivables. With the exception of approximately $4.2 million of receivables from a significant customer (See Note 14), the Company's credit concentrations are limited due to the wide variety of customers and markets into which the Company's services are sold.

NOTE 4 - RECEIVABLES

Receivables consist of the following:

	December 31, 1995	December 31, 1996
Trade accounts receivable	$15,532,420	$27,325,175
Unbilled accounts receivable	968,331	2,509,946
Notes from officers and related parties	145,000	-
Other	302,685	3,560,410
	16,948,436	33,395,531
Less allowance for doubtful accounts	204,397	120,000
	$16,744,039	$33,275,531

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	December 31, 1995	December 31, 1996
Land	$ 2,240,746	$ 2,506,421
Buildings and leasehold improvements	9,461,812	15,447,356
Equipment, furniture and fixtures	18,320,509	33,262,744
Transportation equipment	538,011	504,147
Construction in progress	1,499,363	-
	32,060,441	51,720,668
Less accumulated depreciation	7,675,454	13,185,083
	$24,384,987	$38,535,585

NOTE 6 - LONG-TERM DEBT

Effective December 31, 1996, the Company entered into an agreement replacing it's previous credit line with an unsecured revolving $25 million facility. This new facility accrues borrowings at tiered levels between 125 and 200 basis points above listed Libor pursuant to a defined ratio calculation within the agreement. The facility matures in June 1998, and contains certain covenants associated with tangible net worth, debt and debt funding as defined by the agreement.

The Company had a credit facility with NationsBank, N.A. comprised of $12 million revolving line of credit and a term note issued in the original amount of $8 million. Borrowings under the credit facility was approximately $8,165,000 at December 31, 1995. The Company extinguished the debt with the proceeds from its initial public offering and had no borrowings under either credit facility at December 31, 1996.

A foreign subsidiary of the Company had a bank loan with a balance of approximately $153,000 and $226,000 at December 31, 1995 and 1996, respectively. The loan agreement has an interest rate of the official discount rate plus 5%. Principal and interest are payable semi-annually.

Other debt extinguished during 1996 consisted of bank loans and capital leases. In the aggregate, the balance at December 31, 1995 was approximately $1,765,000.

NOTE 7 - INCOME TAXES

The components of income (loss) before income taxes are as follows:

	Year Ended July 31, 1994	Five Months Ended December 31, 1994	Year Ended December 31, 1995	Year Ended December 31, 1996
Domestic	$ 950,880	$ (8,655)	$2,438,708	$14,762,310
Foreign	240,759	(54,171)	1,604,675	1,140,174
Total income (loss) before income taxes	$1,191,639	$ (62,826)	$4,043,383	$15,902,484

NOTE 7 - INCOME TAXES, continued

Provision for income taxes consists of the following:

	Year Ended July 31, 1994	Five Months Ended December, 31 1994	Year Ended December 31, 1995	Year Ended December 31, 1996
Current:				
Federal	$ (237,881)	$ 50,209	$ 292,594	$4,975,000
State	7,453	10,381	80,904	961,000
Foreign	53,522	3,262	443,546	532,000
Total current provision for income taxes	(176,906)	63,852	817,044	6,468,000
Deferred:				
Federal	770,232	25,249	728,792	(243,000)
State	(11,278)	3,572	101,462	(4,000)
Foreign	-	-	-	(136,000)
Total deferred provision for income taxes	758,954	28,821	830,254	(383,000)
Total provision for income taxes	$ 582,048	$ 92,673	$1,647,298	$6,085,000

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

	December 31, 1995	December 31, 1996
Current:		
Deferred tax asset:		
Accounts payable	$ 428,000	$ -
Accrued expenses	1,534,000	686,000
State operating loss carryforward	1,000	-
Bad debt reserve	-	15,000
Other	109,000	-
Total current deferred tax asset	$ 2,072,000	$701,000
Deferred tax liability:		
Receivables	$(5,337,000)	$ -
State tax refunds	(57,000)	-
Property and equipment	(44,000)	(149,000)
Cash to accrual-Section 481 adjustment	-	(277,000)
Total current deferred tax liability	(5,438,000)	(426,000)
Net current deferred tax asset (liability)	$(3,366,000)	$275,000
Non-current:		
Deferred tax asset:		
Deferred compensation	$ 360,000	$240,000
R & D credits	25,464	-
Bad debt reserve	48,566	-
Accrued expenses	87,258	3,000
State operating loss carryforward	37,000	-
Other	34,386	-
Total non-current deferred tax asset	$ 592,674	$243,000

NOTE 7 - INCOME TAXES, continued

	December 31, 1995	December 31, 1996
Deferred tax liability:		
Property and equipment	$ (344,705)	$ (338,000)
Untaxed reserves - foreign	(97,318)	(136,000)
Cash to accrual-Section 481 adjustment	-	(2,903,000)
Other	(139,617)	(102,000)
Total non-current deferred tax liability	(581,640)	(3,479,000)
Net non-current deferred tax asset (liability)	$ 11,034	$(3,236,000)

The corporation 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 $2 million at December 31, 1996, 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 $300,000 would have been required.

In conjunction with the Company's initial public offering, the Company changed its method of accounting for income taxes from the cash basis to the accrual method. The corresponding adjustment will be included in taxable income over a period not to exceed four years.

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:

	Year Ended July 31, 1994	Five Months Ended December 31, 1994	Year Ended December 31, 1995	Year Ended December 31, 1996
Statutory tax	$ 405,310	$ (20,649)	$ 1,375,089	$ 5,407,000
State income taxes net of federal tax benefit	36,986	(2,934)	102,169	606,000
Effect of income not subject to federal and state income tax	(13,000)	(21,000)	(155,000)	(284,000)
Change in state tax rate	(67,000)	-	-	-
Foreign taxes, net of foreign income not taxed in U.S.	(26,533)	21,836	(110,306)	(48,000)
Permanent differences	321,551	178,427	366,555	153,000
Tax credits	(57,246)	(43,007)	(90,209)	-
Other	(18,020)	(20,000)	159,000	251,000
Total provision for income taxes	$ 582,048	$ 92,673	$ 1,647,298	$ 6,085,000

The Company is currently under examination by the Internal Revenue Service for tax years ended July 31, 1991, 1992, 1993 and 1994. The Company has reviewed various matters that are under consideration and believes that it has adequately provided for any liability that may result from this examination. In the opinion of management, any liability that may arise from prior periods as a result ofthe examination will not have a material effect on the Company's financial condition or results of operations.

NOTE 8- EARNINGS PER SHARE

Primary earnings per share are based on the weighted average number of common shares and common share equivalents outstanding during the periods and assumes,
(i) that the redeemable preferred stock was converted at the beginning of each period, or date of issuance, if later, and (ii) that earnings were increased for preferred dividends that would not have been incurred had conversion taken place. Common share equivalents include, when applicable, dilutive stock options using the treasury stock method. Fully diluted earnings per share assumes, in addition to the above, the additional dilutive effect of stock options.

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

	Year Ended July 31, 1994	Five Months Ended December 31, 1994	December 31, 1995	December 31, 1996
Primary				
Weighted average common outstanding	15,951,819	15,951,819	15,951,819	18,929,146
Conversion of preferred stock	448,029	448,029	448,029	151,434
Stock options	474,134	474,134	474,134	843,792
Total primary	16,873,982	16,873,982	16,873,982	19,924,372
Fully Diluted				
Additional dilution of stock options	-	-	-	33,479
Total fully diluted	16,873,982	16,873,982	16,873,982	19,957,851

NOTE 9 - COMMITMENTS AND CONTINGENCIES

The Company leases certain equipment and buildings under operating leases having terms ranging from one to ten years. The building leases contain up to two five year renewal options.

Rental expense under operating leases for the year ended July 31, 1994, the five months ended December 31, 1994 and the years ended December 31, 1995 and 1996 was approximately $2,411,000, $716,000, $1,667,000 and $4,211,000, respectively. Rental expense for an office building leased from the Company's major shareholder, net of subleases was approximately $277,000, $45,000, $104,000 and $104,000 for the year ended July 31, 1994, the five months ended December 31, 1994 and the years ended December 31, 1995 and 1996, respectively. The Company has a ten-year operating lease agreement, signed in 1995, with the Company's majority shareholder for its corporate aircraft. The lease expense for 1995 and 1996 was approximately $51,000 and $615,000, respectively.

NOTE 9 - COMMITMENTS AND CONTINGENCIES, continued

The Company has a five year noncancelable sublease agreement with an unrelated tenant for its Charlotte, N.C. facility. The minimum sublease rental amounts the Company is to receive are approximately $181,000, $187,000, and $94,000 for the years ended December 31, 1997 through 1999, respectively.

The following is a schedule of future minimum rental payments (without regard to the Charlotte, N.C. sublease) under operating leases having a remaining noncancelable term in excess of one year subsequent to December 31, 1996:

Year	Related Party	Non-Related Party	Total Amount
1997	$ 896,000	$ 2,094,000	$ 2,990,000
1998	896,000	1,584,000	2,480,000
1999	896,000	769,000	1,665,000
2000	896,000	626,000	1,522,000
2001	896,000	435,000	1,331,000
Thereafter	3,207,000	-	3,207,000
Total minimum payments required	$7,687,000	$ 5,508,000	$13,195,000

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 10 - EMPLOYEE BENEFIT PLAN

The Company maintains a 401(k) plan covering defined employees who meet established eligibility requirements. Under the plan provisions, the Company matches 25% of participant contributions to a maximum matching amount of 1% of participant compensation. Company contributions are funded on a bi-weekly basis. The Company contribution was approximately $81,000, $105,000, $95,000 and $120,000 for the year ended July 31, 1994, the five months ended December 31, 1994 and the years ended December 31, 1995 and 1996, respectively. In addition, one of the Company's subsidiaries currently maintained a separate 401(k) plan. There were no Company contributions made to the plan during the periods presented.

NOTE 11 - PUBLIC OFFERINGS

In April 1996, the Company completed its initial public offering for the sale of 3,000,000 shares of common stock. Coincident with such offering, the underwriters of the offering exercised their 15% over-allotment and accordingly an additional 626,652 shares of the Company's common stock were sold by the Company. The Company received approximately $39.7 million from the sale of the shares, net of underwriting discounts and expenses associated with such offering. The proceeds were used to repay all outstanding indebtedness and make capital expenditures, with the remaining balance held for general corporate and working capital purposes.

In November 1996, the Company completed a secondary offering for the sale of 1,613,320 shares of common stock, inclusive of the underwriters over-allotment option. The Company received approximately $71.5 million from the offering, net of underwriting discounts and expenses. The net proceeds were held for general corporate and working capital purposes.

NOTE 12 - STOCK OPTIONS

In 1995, the Company granted options to an executive officer to purchase 762,000 shares of common stock at $4.53 per share. The Company determined that the price was approximately $1.25 below fair market value at the date of the grant and recognized $949,960 as compensation expense for the year ended December 31, 1995. The options become exercisable three years from the date of grant, except that one-third were exercisable to the extent that the underlying shares were permitted to be included by the underwriters in an underwritten public offering. In November, 1996 the Company completed its secondary public offering and 254,000 of the options granted to the executive officer were exercised and sold in the offering. The remaining 508,000 options expire if not exercised by the tenth anniversary of their grant date.

Another executive officer was granted options under the Company's 1996 Employee Stock Option Plan to purchase 139,894 shares of the Company's common stock with an exercisable price of (i) 33 1/3% of such shares at $12.00 per share,
(ii) 33 1/3% at $11.33 per share, and (iii) 33 1/3% at $10.00 per share. Compensation expense of $27,634 is recognized in the general and administrative expenses in the accompanying consolidated statements of operations for the year ended December 31, 1996.

1996 Employee Stock Option Plan - The Company's 1996 Employee Stock Option Plan (the "Employee Plan") permits the granting of incentive or nonqualified stock options to purchase up to 1,750,000 shares of the Company's common stock at not less than the fair value at the time the options are granted. Certain other officers and employees hold options to purchase additional shares of common stock at a range of $10.00 to $46.90 per share and vest ratably over the three-year period following the date of grant, except for 120,000 options granted to key employees of DiagSoft, all of which are immediately exercisable. All options granted under the Employee Plan expire if not exercised by the tenth anniversary of their grant date.

Transactions related to the 1996 Employee Stock Option Plan are summarized as follows:

	Shares	Option Price
Outstanding at December 31, 1995...........	-	
Granted..................................	649,070	$10.00 to $46.90
Exercised................................	-	
Expired or terminated....................	(47,875)	$12.00
Outstanding at December 31, 1996...........	601,195	$10.00 to $46.90

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 nonqualified stock options to purchase up to 300,000 shares of the Company's common stock to members of the Board of Directors who are not employees of the Company. Each outside director received options to purchase 7,500 shares of common stock at an exercise price of $12.00 per share and will receive options to purchase 5,000 shares on the day following the annual meeting of shareholders. Thereafter, on the date on which a new outside director is first elected or appointed, he or she will automatically be granted options to purchase 5,000 shares of common stock. All options granted will have an exercise price equal to the then fair market value of the common stock. At December 31, 1996 no options granted were exercisable. 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:

	Shares	Option Price
Outstanding at December 31, 1995............	-	
Granted....................................	37,500	$12.00
Exercised..................................	-	
Expired or terminated......................	-	
Outstanding at December 31, 1996............	37,500	$12.00

NOTE 12 - STOCK OPTIONS, continued

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 under its plans. 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 shown below:

	Year Ended July 31, 1994	Five Months Ended December 31, 1994	December 31, 1995	December 31, 1996
	($ in thousands, except per share amounts)			
Pro forma net income (loss) as reported	$ 595	$ (179)	$2,224	$9,750
Pro forma net income (loss) as prescribed by SFAS 123	$ 595	$ (179)	$1,027	$8,371
Pro forma net income (loss) per share as reported	$ 0.04	$ (0.01)	$ 0.13	$ 0.49
Pro forma net income (loss) as prescribed by SFAS 123	$ 0.04	$ (0.01)	$ 0.06	$ 0.42

The pro forma amounts were determined using the Black-Scholes valuation model with the following key assumptions: (I) a discount rate of 0.6% for 1995 and 1996; (ii) a volatility factor initially based upon the average trading price since the Company's common stock has traded on the Nasdaq National Market;
iii) no dividend yield; and (iv) an average expected option life of approximately 3.5 years.

NOTE 13 - INTERNATIONAL OPERATIONS

The Company's international operations are conducted from four offices located in Amsterdam, The Netherlands, and Sveg, Jarvso, and Stockholm, Sweden. With the exception of the Stockholm office, each facility provides technical support services for regions throughout Europe. The revenue, income (loss) before income taxes and total assets of the Company associated with its international operations are as follows:

	Year Ended July 31, 1994	Five Months Ended December 31, 1994	Year Ended December 31, 1995	Year Ended December 31, 1996
Revenue...............	$3,780,146	$2,228,422	$8,126,923	$11,561,117
Income (loss) before income taxes........	240,759	(54,171)	1,604,675	1,140,174
Total assets..........	2,743,116	3,839,487	6,442,720	7,397,306

NOTE 14 - SIGNIFICANT CUSTOMERS

Significant customers of the Company comprised 30%, 27%, 33% and 37% of the Company's consolidated revenues for the year ended July 31, 1994, and the five months ended December 31, 1994 and the years ended December 31, 1995 and 1996, respectively. Two customers comprised 33% and 26% of the Company's revenues for the years ended December 31, 1995 and 1996, respectively. Revenues from one customer amounted to 30%, 27%, 16% and 11% for the year ended July 31, 1994 and the five months ended December 31, 1994 and the years ended December 31, 1995 and 1996, respectively.

NOTE 15 - PRO FORMA DISCLOSURES

Preferred Stock - In connection with an agreement entered into in February 1996, the Company's majority shareholder transferred all the newly issued shares of the Company's outstanding preferred stock and all of the outstanding non-voting common stock to a related party. Effective immediately prior to the Company's initial public offering, the preferred stock and non-voting common stock was automatically converted into shares of common stock. These shares were sold in connection with such offering.

Pro Forma Income Taxes - An affiliate of the Company had elected to be treated as an S corporation for federal and state income tax purposes. As such, the affiliate's taxable income was reported to and subject to tax to the affiliate's shareholder. Prior to the Company's initial public offering, the Company's affiliate terminated its S corporation election and accordingly became subject to federal and state income taxes. The pro forma provision for income taxes reported on the consolidated statements of operations presents federal and state income taxes that would have been incurred if the affiliate had been subject to tax as a C corporation. In addition, the Company changed its method of accounting for income taxes from the cash basis to the accrual method in connection with the offering. The corresponding adjustment will be included in taxable income over a period not to exceed four years.

Pro Forma Net Income Per Share - In March 1996, the Company was a North Carolina corporation and amended its Articles of Incorporation to authorize the issuance of up to 10,000 shares of $1,000 par value per share preferred stock. At that time, the Company approved a 95-to-1 stock split of all outstanding common stock. Subsequent to the amendment and stock split, the Company changed its state of incorporation from North Carolina to Florida and changed the authorized number of shares of common stock from 100,000 to 50,000,000. As part of the change of state of incorporation, each share of common stock of the North Carolina corporation was exchanged for 88 shares (132 shares as adjusted for a three-for-two stock split) of common stock of the Company. All applicable share and per share amounts in the accompanying financial statements have been retroactively adjusted to reflect these events.

Weighted average common shares outstanding includes the common share equivalents discussed in Note 8 applying the treasury stock method. In addition, the calculation includes certain preferred stock issued during the year that was converted to common stock immediately prior to the closing of and sold in the Company's initial public offering. Such shares were deemed outstanding for all periods presented.

In addition, the Company issued 1,830,000 shares of common stock as a result of the merger involving Sykes Realty, Inc. immediately prior to the offering, which shares were deemed outstanding for all periods presented.

NOTE 16 - SELECTED FINANCIAL DATA

Effective August 1, 1994, the Company changed its fiscal year end from July 31 to December 31. Accordingly, the financial statements for December 31, 1994 reflect the Company's results of operations for a five month period.

Selected financial data for the twelve months ended December 31, 1994, 1995 and 1996, as shown on the following page, consists of:

	Years Ended December 31,		
	1994	1995	1996
	(Unaudited)		
Revenues	$53,185,255	$74,594,634	$117,018,154
Operating expenses:			
Direct salaries and related costs	33,731,677	44,592,380	65,675,668
General and administrative	18,304,452	25,231,077	36,022,963
Total operating expense	52,036,129	69,823,457	101,698,631
Income from operations	1,149,126	4,771,177	15,319,523
Other income (expense)			
Interest	(292,943)	(726,142)	521,700
Other	(195,332)	(1,652)	61,261
Total other income (expense)	(488,275)	(727,794)	582,961
Income before income taxes	660,851	4,043,383	15,902,484
Provision for income taxes	467,131	1,647,298	6,085,000
Net income	193,720	2,396,085	9,817,484
Preferred stock dividends	-	-	(47,343)
Net income applicable to common shareholders	$ 193,720	$ 2,396,085	$ 9,770,141
Pro forma income data (unaudited)			
Income before income taxes	$ 660,851	$ 4,043,383	$ 15,902,484
Pro forma provision for income taxes relating to S corporation	39,000	172,000	67,000
Actual provision for income taxes	467,131	1,647,298	6,085,000
Total provision and pro forma provision for income taxes	506,131	1,819,298	6,152,000
Pro forma net income	154,720	2,224,085	9,750,484
Preferred stock dividends	-	-	(47,343)
Pro forma net income applicable to common shareholders	$ 154,720	$ 2,224,085	$ 9,703,141
Pro forma net income per share	$ 0.01	$ 0.13	$ 0.49
Pro forma weighted average common and common equivalent shares outstanding	16,873,982	16,873,982	19,957,851

NOTE 17 - SUBSEQUENT EVENTS

In January 1997, the Company entered into an agreement to acquire all of the common stock of Info Systems of N.C., Inc. ("ISI") for $23 million in value of the Company's common stock. The transaction, which is subject to ISI shareholder approval, will be accounted for on a pooling-of-interests method of accounting. ISI specializes in the design, programming, licensing and support of back-office and point-of-sale software for the retail industry.

Effective January 1, 1997, the Company acquired all of the common stock of Traffic, N.V. of Brussels, Belgium, and certain other assets, for $1.8 million in cash. The transaction will be accounted for under the purchase method of accounting and has been approved by the boards of directors of both companies. Traffic, N.V. specializes in foreign language translation and multi-media documentation development. Pro forma information is not presented as the

operating results are not material to the Company's consolidated results.

EXHIBIT 23.2

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statement of Sykes Enterprises, Incorporated and subsidiaries on Form S-8 of our report dated February 14, 1997, on our audits of the consolidated financial statements of Sykes Enterprises, Incorporated and subsidiaries as of December 31, 1995 and 1996 and for the year ended July 31, 1994, the five months ended December 31, 1994, and the years ended December 31, 1995 and 1996, which is incorporated by reference in this Annual Report on Form 10-K.

COOPERS & LYBRAND L.L.P.

March 31, 1997

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FORM 10-K.

PERIOD TYPE	12 MOS
FISCAL YEAR END	DEC 31 1996
PERIOD START	JAN 01 1996
PERIOD END	DEC 31 1996
CASH	2,509,610
SECURITIES	86,696,148
RECEIVABLES	32,056,679
ALLOWANCES	120,000
INVENTORY	0
CURRENT ASSETS	123,088,206
PP&E	43,611,001
DEPRECIATION	5,075,416
TOTAL ASSETS	163,124,197
CURRENT LIABILITIES	14,558,695
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	218,938
OTHER SE	134,518,387
TOTAL LIABILITY AND EQUITY	163,124,197
SALES	0
TOTAL REVENUES	117,018,154
CGS	0
TOTAL COSTS	65,675,668
OTHER EXPENSES	36,022,963
LOSS PROVISION	61,261
INTEREST EXPENSE	419,988
INCOME PRETAX	15,902,484
INCOME TAX	6,085,000
INCOME CONTINUING	9,817,484
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	47,343
NET INCOME	9,770,141
EPS PRIMARY	.49
EPS DILUTED	.49

End of Filing