SYKES ENTERPRISES INC

FORM 10-Q
(Quarterly Report)

Filed 08/11/03 for the Period Ending 06/30/03

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

SYKES ENTERPRISES INC

FORM 10-Q
(Quarterly Report)

Filed 8/11/2003 For Period Ending 6/30/2003

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-Q

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended June 30, 2003.

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from

______________________________to______________________________

Commission File No. 0-28274

Sykes Enterprises, Incorporated

(Exact name of Registrant as specified in its charter)

Florida	**56-1383460**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

400 North Ashley Drive, Tampa, FL 33602

(Address of principal executive offices) (Zip Code)

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

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 at least the past 90 days.

Yes [X] No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).

Yes [X] No [ ]

As of August 6, 2003, there were 40,410,993 outstanding shares of common stock.

Sykes Enterprises, Incorporated and Subsidiaries

INDEX

PART I – FINANCIAL INFORMATION.

Item 1 – Financial Statements and Independent Accountants' Report.

Sykes Enterprises, Incorporated and Subsidiaries
Condensed Consolidated Balance Sheets
(Unaudited)
(in thousands, except per share data)

	June 30, 2003	December 31, 2002
Assets		
Current assets:		
Cash and cash equivalents	$ 75,382	$ 79,480
Receivables	82,256	74,303
Prepaid expenses and other current assets	13,506	9,724
Total current assets	171,144	163,507
Property and equipment, net	106,451	109,618
Goodwill, net	5,090	4,834
Deferred charges and other assets	17,960	17,585
	$300,645	$295,544
Liabilities and Shareholders' Equity		
Current liabilities:		
Current installments of long-term debt	$ 39	$ 52
Accounts payable	12,746	12,200
Accrued employee compensation and benefits	31,500	33,792
Other accrued expenses and current liabilities	14,538	16,348
Total current liabilities	58,823	62,392
Deferred grants	33,572	35,067
Deferred revenue	17,574	15,739
Other long-term liabilities	8	1
Total liabilities	109,977	113,199
Contingencies		
Shareholders' equity:		
Preferred stock, $0.01 par value, 10,000 shares authorized; no shares issued and outstanding	—	—
Common stock, $0.01 par value, 200,000 shares authorized; 43,550 and 43,491 issued	436	435
Additional paid-in capital	162,279	162,117
Retained earnings	74,949	72,208
Accumulated other comprehensive loss	(5,365)	(11,101)
	232,299	223,659
Treasury stock at cost; 3,199 shares and 3,099 shares	(41,631)	(41,314)
Total shareholders' equity	190,668	182,345
	$300,645	$295,544

See accompanying notes to condensed consolidated financial statements.

Sykes Enterprises, Incorporated and Subsidiaries
Condensed Consolidated Statements of Income
Three and Six Months Ended June 30, 2003 and June 30, 2002
(Unaudited)

(in thousands, except for per share data)	**Three Months Ended June 30, 2003**	**2002**	**Six Months Ended June 30, 2003**	**2002**
Revenues	$118,949	$112,829	$236,235	$229,572
Operating expenses:				
Direct salaries and related costs	76,508	70,156	153,864	142,878
General and administrative	38,875	38,033	78,782	77,408
Total operating expenses	115,383	108,189	232,646	220,286
Income from operations	3,566	4,640	3,589	9,286
Other income (expense):				
Interest, net	352	(39)	637	11
Other	(51)	(330)	(74)	(292)
Total other income (expense)	301	(369)	563	(281)
Income before provision for income taxes	3,867	4,271	4,152	9,005
Provision for income taxes	1,314	1,547	1,411	3,062
Net income	$ 2,553	$ 2,724	$ 2,741	$ 5,943
Net income per share:				
Basic	$ 0.06	$ 0.07	$ 0.07	$ 0.15
Diluted	$ 0.06	$ 0.07	$ 0.07	$ 0.15
Weighted average shares:				
Basic	40,350	40,432	40,365	40,389
Diluted	40,424	40,772	40,397	40,670

See accompanying notes to condensed consolidated financial statements.

Sykes Enterprises, Incorporated and Subsidiaries
Condensed Consolidated Statements of Changes in Shareholders' Equity
Six Months Ended June 30, 2002, Six Months Ended December 31, 2002 and
Six Months Ended June 30, 2003
(Unaudited)

(in thousands)	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balance at January 1, 2002	43,300	$433	$160,907	$ 90,839	$(20,212)	$(40,755)	$191,212
Issuance of common stock	155	2	927	—	—	—	929
Comprehensive income:							
Net income for the six months ended June 30, 2002	—	—	—	5,943	—	—	5,943
Foreign currency translation adjustment	—	—	—	—	6,185	—	6,185
Total							12,128
Balance at June 30, 2002	43,455	435	161,834	96,782	(14,027)	(40,755)	204,269
Issuance of common stock	36	—	57	—	—	—	57
Purchase of treasury stock	—	—	—	—	—	(559)	(559)
Tax benefit of non-qualified exercise of stock options	—	—	226	—	—	—	226
Comprehensive loss:							
Net loss for the six months ended December 31, 2002	—	—	—	(24,574)	—	—	(24,574)
Foreign currency translation adjustment	—	—	—	—	2,926	—	2,926
Total							(21,648)
Balance at December 31, 2002	43,491	435	162,117	72,208	(11,101)	(41,314)	182,345
Issuance of common stock	59	1	162	—	—	—	163
Purchase of treasury stock	—	—	—	—	—	(317)	(317)
Comprehensive income:							
Net income for the six months ended June 30, 2003	—	—	—	2,741	—	—	2,741
Foreign currency translation adjustment	—	—	—	—	5,736	—	5,736
Total							8,477
Balance at June 30, 2003	43,550	$436	$162,279	$ 74,949	$ (5,365)	$(41,631)	$190,668

See accompanying notes to condensed consolidated financial statements.

Sykes Enterprises, Incorporated and Subsidiaries
Condensed Consolidated Statements of Cash Flows
Six months ended June 30, 2003 and June 30, 2002
(Unaudited)

(in thousands)	2003	2002
Cash flows from operating activities :		
Net income	$ 2,741	$ 5,943
Depreciation and amortization	16,246	16,235
Deferred income tax provision	462	606
Loss on disposal of property and equipment	175	201
Changes in assets and liabilities:		
Receivables	(11,112)	8,307
Prepaid expenses and other current assets	(3,606)	(567)
Deferred charges and other assets	(416)	(459)
Accounts payable	131	(564)
Income taxes payable	6,614	4,314
Accrued employee compensation and benefits	(4,016)	527
Other accrued expenses and current liabilities	(1,751)	(824)
Deferred revenue	(1,233)	(822)
Other long-term liabilities	7	222
Net cash provided by operating activities	4,242	33,119
Cash flows from investing activities:		
Capital expenditures	(12,445)	(9,111)
Acquisition of intangible assets	—	(1,808)
Proceeds from sale of property and equipment	29	174
Net cash used for investing activities	(12,416)	(10,745)
Cash flows from financing activities:		
Paydowns under revolving line of credit agreements	(1,600)	—
Borrowings under revolving line of credit agreements	1,600	—
Payments of long-term debt	(21)	(23)
Proceeds from issuance of stock	163	929
Purchase of treasury stock	(317)	—
Net cash (used for) provided by financing activities	(175)	906
Effects of exchange rates on cash	4,251	3,119
Net (decrease) increase in cash and cash equivalents	(4,098)	26,399
Cash and cash equivalents — beginning	79,480	50,002
Cash and cash equivalents — ending	$ 75,382	$ 76,401
Supplemental disclosures of cash flow information:		
Cash paid during period for:		
Interest	$ 291	$ 625
Income taxes	$ 5,975	$ 4,794

See accompanying notes to condensed consolidated financial statements.

Sykes Enterprises, Incorporated and Subsidiaries
Notes To Condensed Consolidated Financial Statements
Six months ended June 30, 2003 and June 30, 2002
(Unaudited)

Sykes Enterprises, Incorporated and consolidated subsidiaries ("Sykes" or the "Company") provides customer management solutions and services to companies primarily in the technology, consumer, communications, financial services, and the transportation and leisure industries. Sykes provides flexible, high quality customer support outsourcing solutions with an emphasis on inbound technical support and customer service. Utilizing Sykes' integrated onshore/offshore global delivery model, Sykes provides its services through multiple communication channels encompassing phone, e-mail, web and chat. Sykes complements its customer support outsourcing services with technical staffing (in the United States) and fulfillment services (in Europe) designed to deliver solutions to meet each company's unique customer management needs. The Company has operations in two geographic regions entitled (1) the Americas, which includes the United States, Canada, Latin America, India and the Asia Pacific Rim and (2) EMEA, which includes Europe, the Middle East, and Africa. The Company includes Latin America, India and the Asia Pacific Rim in the Americas region as the client base is primarily U.S. based companies that are using the Company's services in these locations to support their customer management needs.

Note 1 – Basis of Presentation, Stock-Based Compensation, Long-Lived Assets, Foreign Currency Translation and Recent Accounting Pronouncements

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles") for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. In addition, certain reclassifications have been made for consistent presentation. Operating results for the three and six months ended June 30, 2003 are not necessarily indicative of the results that may be expected for any future quarters or the year ending December 31, 2003. For further information, refer to the consolidated financial statements and notes thereto, included in the Company's Annual Report on Form 10-K for the year ended December 31, 2002 as filed with the Securities and Exchange Commission (SEC).

Stock-Based Compensation - The Company has adopted the disclosure only provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, *"Accounting for Stock-Based Compensation"* ("SFAS No. 123"). Under SFAS No. 123, companies have the option to continue measuring compensation costs for stock options using the intrinsic value method prescribed by Accounting Principles Board ("APB") Opinion No. 25, *"Accounting for Stock Issued to Employees"* ("APB No. 25"). Under APB No. 25, compensation expense is generally not recognized when both the exercise price is the same as the market price and the number of shares to be issued is set on the date the employee stock option is granted. Since employee stock options are granted on this basis and the Company has chosen to use the intrinsic value method, no compensation expense is recognized for stock option grants.

Note 1 – Basis of Presentation, Stock-Based Compensation, Long-Lived Assets, Foreign Currency Translation and Recent Accounting Pronouncements - (continued)

Stock-Based Compensation (continued)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Net Income (Loss):				
Reported net income	$2,553	$ 2,724	$ 2,741	$ 5,943
Add stock-based employee compensation expense, included in reported net income, net of tax	—	—	—	—
Deduct stock-based employee compensation expense determined under fair value method, net of tax benefit	(483)	(2,596)	(1,141)	(6,216)
Pro forma net income (loss)	$2,070	$ 128	$ 1,600	$ (273)
Net Income (Loss) Per Share:				
Basic, as reported	$ 0.06	$ 0.07	$ 0.07	$ 0.15
Basic, pro forma	$ 0.05	$ 0.00	$ 0.04	$ (0.01)
Diluted, as reported	$ 0.06	$ 0.07	$ 0.07	$ 0.15
Diluted, pro forma	$ 0.05	$ 0.00	$ 0.04	$ (0.01)

Long-Lived Assets - The carrying value of long-lived assets to be held and used, including identifiable intangible assets, are evaluated for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable in accordance with SFAS No. 142, *"Goodwill and Other Intangible Assets,"* and SFAS No. 144, *"Accounting for the Impairment or Disposal of Long-Lived Assets"* . An asset is considered to be impaired when the sum of the undiscounted future net cash flows expected to result from the use of the asset and its eventual disposition does not exceed its carrying amount. The amount of the impairment loss, if any, is measured as the difference between the net book value of the asset and its estimated fair value.

Currently, the Company has three U.S. customer support centers that were closed in connection with the 2002 and 2001 restructuring plans and one U.S. customer support center that is expected to close in August 2003 as a result of global expansion plans in offshore markets, including Latin America, India and the Asia Pacific Rim. As of June 30, 2003, the Company determined that its long-lived assets, including those at the four aforementioned customer support centers, are not impaired.

Note 1 – Basis of Presentation, Stock-Based Compensation, Long-Lived Assets, Foreign Currency Translation and Recent Accounting Pronouncements - (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 is not included in determining net income, but is included in accumulated other comprehensive income (loss), which is reflected as a separate component of shareholders' equity. Foreign currency transactional gains and losses are included in determining net income. Such gains and losses are not material for any period presented and are included in other income (expense) in the accompanying Condensed Consolidated Statements of Income.

Recent Accounting Pronouncements - In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 143, *"Accounting for Asset Retirement Obligations,"* which addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. This statement applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, and development and (or) normal use of the asset. The Company implemented the provisions of SFAS No. 143 effective January 1, 2003. The impact of this adoption did not have a material effect on the financial condition, results of operations, or cash flows of the Company.

In April 2002, the FASB issued SFAS No. 145, *"Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections."* Among other provisions, SFAS No. 145 rescinds SFAS No. 4 *"Reporting Gains and Losses from Extinguishment of Debt."* Accordingly, gains or losses from extinguishment of debt are no longer reported as extraordinary items unless the extinguishment qualifies as an extraordinary item under the criteria of APB Opinion No. 30, *"Reporting the Results of Operations — Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions."* Gains or losses from extinguishment of debt that do not meet the criteria of APB No. 30 must be reclassified to income from continuing operations in all prior periods presented. The Company implemented the provisions of SFAS No. 145 effective January 1, 2003. The adoption of this statement had no impact on the financial condition, results of operations, or cash flows of the Company.

In July 2002, the FASB issued SFAS No. 146, *"Accounting for Costs Associated with Exit or Disposal Activities,"* which changes the accounting for costs such as lease termination costs and certain employee severance costs that are associated with a restructuring, discontinued operation, facilities closing, or other exit or disposal activity initiated after December 31, 2002. The statement requires companies to recognize the fair value of costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. SFAS No. 146 will be applied prospectively to exit or disposal activities that are initiated on or after January 1, 2003.

In December 2002, the FASB issued SFAS No. 148, *"Accounting for Stock-Based Compensation — Transition and Disclosure — an amendment of SFAS No. 123."* This statement provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. This statement also amends the disclosure requirements of SFAS No. 123 and APB Opinion No. 28, *"Interim Financial Reporting,"* to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The Company implemented SFAS No. 148 effective January 1, 2003 regarding disclosure requirements for condensed financial statements for interim periods. The Company has not yet determined whether it will voluntarily change to the fair value based method of accounting for stock-based employee compensation.

Note 1 – Basis of Presentation, Stock-Based Compensation, Long-Lived Assets, Foreign Currency Translation and Recent Accounting Pronouncements - (continued)

Recent Accounting Pronouncements - (continued)

In November 2002, the FASB issued FASB Interpretation ("FIN") No. 45, *"Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Direct Guarantees of Indebtedness of Others."* This interpretation requires the Company to record, at the inception of a guarantee, the fair value of the guarantee as a liability, with the offsetting entry being recorded based on the circumstances in which the guarantee was issued. Funding under the guarantee is to be recorded as a reduction of the liability. After funding has ceased, the remaining liability is recognized in the income statement on a straight-line basis over the remaining term of the guarantee.

The Company adopted the disclosure provisions of FIN No. 45 in the fourth quarter of 2002 and the initial recognition and initial measurement provisions on a prospective basis for all guarantees issued after December 31, 2002. This interpretation did not have a material effect on the financial condition, results of operations, or cash flows of the Company. The existing guarantees, which are not subject to the measurement provisions of FIN No. 45, relate to guarantees in connection with debt between Sykes Enterprises, Incorporated and certain of its consolidated subsidiaries totaling $8.0 million as of June 30, 2003.

Note 2 – Contingencies

During 2002, a consolidated class action lawsuit against the Company was pending in the United States District Court for the Middle District of Florida, Tampa Division, captioned: *In re Sykes Enterprises, Inc. Securities Litigation* (hereinafter the "Class Action Litigation"). The plaintiffs purported to assert claims on behalf of a class of purchasers of the Company's common stock during the period from July 27, 1998 through September 18, 2000. The consolidated action claims violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. Among other things, the consolidated action alleged that during 2000, 1999 and 1998, the Company and certain of its officers made materially false statements concerning the Company's financial condition and its future prospects. The consolidated complaint also claimed that certain of the Company's quarterly financial statements during 1999 and 1998 were not prepared in accordance with accounting principles generally accepted in the United States of America. The consolidated action sought compensatory and other damages, and costs and expenses associated with the litigation. Although the Company denied the plaintiff's allegations and has defended the action vigorously, due to the extremely high costs and risks of litigation, as well as the drain on management time and attention, the Company agreed to a settlement of the Class Action Litigation with the plaintiffs. The settlement resulted in a cash payment of $30.0 million. Insurance amounts, after payment of litigation expenses, covered $16.6 million of the settlement and the Company paid the remaining amount of $13.4 million. The Company recorded a $13.8 million charge for the uninsured portion of the Class Action Litigation settlement and associated legal costs during the third quarter of 2002. The settlement was approved by the court and the Class Action Litigation was dismissed on March 7, 2003.

During 2002, two shareholder derivative lawsuits were pending in the Hillsborough County, Florida, Circuit Court against certain current and former members of the Company's Board of Directors and Officers. These suits were captioned *Clarence S. Gurerra v. Sykes Enterprises, Incorporated, et. al.* , and *James Bunde v. Sykes Enterprises, Incorporated, et. al.* While the Company was a nominal defendant in these suits, both were purportedly instituted by shareholders of the Company on the Company's behalf, and no damages or other relief were sought from the Company. Both suits alleged breach of fiduciary duties and mismanagement by the defendant directors and officers arising out of the facts and circumstances alleged in the Class Action Litigation. The *Bunde* lawsuit also named Ernst & Young, LLP, the Company's former accountants, as a defendant and alleged breach of contract and negligence by Ernst & Young arising out of the facts and circumstances alleged in the Class Action Litigation. The suits sought, on behalf of the Company, disgorgement of profits allegedly made by certain officers and directors through the sale of Company stock while in possession of inside information and other unspecified damages and relief. The plaintiffs voluntarily dismissed the *Bunde* case on February 11, 2003 and the *Gurerra* case was dismissed by the court on April 22, 2003.

Note 2 – Contingencies (continued)

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 or results of operations.

Note 3 – Accumulated Other Comprehensive Income (Loss)

The Company presents data in the Condensed Consolidated Statements of Changes in Shareholders' Equity in accordance with SFAS No. 130, *"Reporting Comprehensive Income."* SFAS No. 130 establishes rules for the reporting of comprehensive income and its components. Total comprehensive income was $6.9 million and $9.6 million for the three months ended June 30, 2003 and 2002, respectively, and $8.5 million and $12.1 million for the six months ended June 30, 2003 and 2002, respectively.

Note 4 — Restructuring and Other Charges

2002 Charges

In October 2002, the Company approved a restructuring plan to close and consolidate two U.S. and three European customer support centers, to reduce capacity within the European fulfillment operations and to write-off certain specialized e-commerce assets primarily in response to the October 2002 notification of the contractual expiration of two technology client programs in March 2003 with approximate annual revenues of $25.0 million. The restructuring plan was designed to reduce costs and bring the Company's infrastructure in-line with the current business environment. Related to these actions, the Company recorded restructuring and other charges in the fourth quarter of 2002 of $20.8 million primarily for the write-off of certain assets, lease termination and severance costs. In connection with the 2002 restructuring, the Company reduced the number of employees by 470 during 2002 and by 309 during the first half of 2003 and expects to reduce the number of employees pursuant to the restructuring by an additional 13 during the remainder of 2003. The plan is expected to be completed by the fourth quarter of 2003.

In connection with the contractual expiration of the two technology client contracts previously mentioned, the Company also recorded additional depreciation expense of $1.2 million in the fourth quarter of 2002 and $1.3 million in the first quarter of 2003 primarily related to a specialized technology platform which was no longer utilized upon the expiration of the contracts in March 2003.

Note 4 – Restructuring and Other Charges (continued)

2002 Charges (continued)

The following tables summarize the 2002 plan accrued liability for restructuring and other charges and related activity in 2003 (none in the comparable 2002 period) (in thousands):

Three Months Ended June 30, 2003:	Balance at April 1, 2003	Cash Outlays	Other Non-Cash Changes	Balance at June 30, 2003 (1)
Severance and related costs	$3,426	$(1,954)	$—	$1,472
Lease termination costs	1,660	(611)	—	1,049
Other restructuring costs	1,122	(194)	—	928
Total	$6,208	$(2,759)	$—	$3,449

Six Months Ended June 30, 2003:	Balance at January 1, 2003	Cash Outlays	Other Non-Cash Changes	Balance at June 30, 2003 (1)
Severance and related costs	$4,696	$(3,224)	$—	$1,472
Lease termination costs	1,827	(778)	—	1,049
Other restructuring costs	1,852	(924)	—	928
Total	$8,375	$(4,926)	$—	$3,449

(1) Included in “Other accrued expenses and current liabilities” in the accompanying Condensed Consolidated Balance Sheets, except $1.5 million of severance and related costs which is included in “Accrued employee compensation and benefits”.

2001 Charges

In December 2001, in response to the economic slowdown and increasing demand for the Company’s offshore capabilities, the Company approved a cost reduction plan designed to improve efficiencies in its core business. As a result of the Company’s cost reduction plan, the Company recorded $16.1 million in restructuring, other and impairment charges during the fourth quarter of 2001. This included $14.6 million in charges related to the closure and consolidation of two U.S. customer support centers, two U.S. technical staffing offices, one European fulfillment center; the elimination of redundant property, leasehold improvements and equipment; lease termination costs associated with vacated properties and equipment; and severance and related costs. In connection with the fourth quarter 2001 restructuring, the Company reduced the number of employees by 230 during the first quarter of 2002. The restructuring charge also included $1.4 million for future lease obligations related to closed facilities. In connection with this restructuring, the Company also recorded a $1.5 million impairment charge related to the write-off of certain non-performing assets, including software and equipment no longer used by the Company.

Note 4 – Restructuring and Other Charges (continued)

2001 Charges (continued)

The following tables summarize the 2001 plan accrued liability for restructuring and other charges and related activity in 2003 and 2002 (in thousands):

Three Months Ended June 30, 2003:	Balance at April 1, 2003	Cash Outlays	Other Non-Cash Changes	Balance at June 30, 2003
Severance and related costs	$ 103	$ —	$—	$103(1)
Lease termination costs	140	(100)	—	40(2)
Other restructuring costs	32	—	—	32(2)
Total	$275	$(100)	$—	$175

Six Months Ended June 30, 2003:	Balance at January 1, 2003	Cash Outlays	Other Non-Cash Changes	Balance at June 30, 2003
Severance and related costs	$153	$ (50)	$—	$103(1)
Lease termination costs	161	(121)	—	40(2)
Other restructuring costs	32	—	—	32(2)
Total	$346	$(171)	$—	$175

Three Months Ended June 30, 2002:	Balance at April 1, 2002	Cash Outlays	Other Non-Cash Changes	Balance at June 30, 2002
Severance and related costs	$ 816	$(302)	$—	$ 514(1)
Lease termination costs	1,102	(190)	—	912(2)
Other restructuring costs	244	(147)	—	97(2)
Total	$2,162	$(639)	$—	$1,523

Six Months Ended June 30, 2002:	Balance at January 1, 2002	Cash Outlays	Other Non-Cash Changes	Balance at June 30, 2002
Severance and related costs	$1,423	$ (909)	$ —	$ 514(1)
Lease termination costs	1,355	(443)	—	912(2)
Write-down of property, equipment, and capitalized costs	3,220	—	(3,220)	—
Other restructuring costs	292	(195)	—	97(2)
Total	$6,290	$(1,547)	$(3,220)	$1,523

(1) Included in “Accrued employee compensation and benefits” in the accompanying Condensed Consolidated Balance Sheets.

(2) Included in “Other accrued expenses and current liabilities” in the accompanying Condensed Consolidated Balance Sheets.

Note 4 – Restructuring and Other Charges (continued)

2000 Charges

The Company recorded restructuring and other charges during the second and fourth quarters of 2000 approximating $30.5 million. The second quarter 2000 restructuring and other charges approximating $9.6 million resulted from the Company's consolidation of several European and one U.S. fulfillment center and the closing or consolidation of six technical staffing offices. Included in the second quarter 2000 restructuring and other charges was a $3.5 million lease termination payment related to the corporate aircraft. As a result of the second quarter 2000 restructuring, the Company reduced the number of employees by 157 during 2000 and satisfied the remaining lease obligations related to the closed facilities during 2001.

The Company also announced, after a comprehensive review of operations, its decision to exit certain non-core, lower margin businesses to reduce costs, improve operating efficiencies and focus on its core competencies of technical support, customer service and consulting solutions. As a result, the Company recorded $20.9 million in restructuring and other charges during the fourth quarter of 2000 related to the closure of its U.S. fulfillment operations, the consolidation of its Tampa, Florida technical support center and the exit of its worldwide localization operations. Included in the fourth quarter 2000 restructuring and other charges is a $2.4 million severance payment related to the employment contract of the Company's former President. In connection with the fourth quarter 2000 restructuring, the Company reduced the number of employees by 245 during the first half of 2001 and satisfied a significant portion of the remaining lease obligations related to the closed facilities during 2001.

Note 4 – Restructuring and Other Charges (continued)

2000 Charges (continued)

The following tables summarize the 2000 plan accrued liability for restructuring and other charges and related activity in 2003 and 2002 (in thousands):

Three Months Ended June 30, 2003:	Balance at April 1, 2003	Cash Outlays	Other Non-Cash Changes	Balance at June 30, 2003
Severance and related costs	$ 950	$(125)	$—	$825(1)
Lease termination costs	120	—	—	120(2)
Total	$1,070	$(125)	$—	$945

Six Months Ended June 30, 2003:	Balance at January 1, 2003	Cash Outlays	Other Non-Cash Changes	Balance at June 30, 2003
Severance and related costs	$1,053	$(228)	$—	$825(1)
Lease termination costs	120	—	—	120(2)
Total	$1,173	$(228)	$—	$945

Three Months Ended June 30, 2002:	Balance at April 1, 2002	Cash Outlays	Other Non-Cash Changes	Balance at June 30, 2002
Severance and related costs	$1,270	$(196)	$—	$1,074(1)
Lease termination costs	120	—	—	120(2)
Total	$1,390	$(196)	$—	$1,194

Six Months Ended June 30, 2002:	Balance at January 1, 2002	Cash Outlays	Other Non-Cash Changes	Balance at June 30, 2002
Severance and related costs	$1,485	$(411)	$—	$1,074(1)
Lease termination costs	143	(23)	—	120(2)
Total	$1,628	$(434)	$—	$1,194

(1) Included in “Accrued employee compensation and benefits” in the accompanying Condensed Consolidated Balance Sheets.

(2) Included in “Other accrued expenses and current liabilities” in the accompanying Condensed Consolidated Balance Sheets.

Note 5 – Borrowings

The Company amended its $40.0 million revolving credit facility with a group of lenders (the "Amended Credit Facility"), effective as of June 30, 2003, to eliminate the quarterly capital expenditures limitation of $7.5 million in 2003 and to increase the cumulative four quarter maximum capital expenditures limitation to $35.0 million beginning with the quarter ended June 30, 2003 (previously $25.0 million). The Amended Credit Facility includes a $10.0 million swingline subfacility, a $15.0 million letter of credit subfacility and a $25.0 million multi-currency subfacility. Borrowings under the Amended Credit Facility are restricted to 85% of eligible accounts receivable. Absent the amendment and even though there were no outstanding balances on the existing revolving credit facility as of June 30, 2003, the Company would have been in violation of the capital expenditures limitation of $7.5 million for the quarter ended June 30, 2003.

The Amended Credit Facility, which is subject to certain financial covenants and borrowing limitations, may be used to provide working capital and for general corporate purposes and to fund future acquisitions. The Amended Credit Facility accrues interest, at the Company's option, at (a) the lender's base rate plus an applicable margin up to 1.5%, (b) the London Interbank Offered Rate ("LIBOR") plus an applicable margin up to 2.5%, or (c) the Interbank Offered Rate ("IBOR") plus an applicable margin up to 2.5% that varies with the Company's debt levels and certain financial ratios. In addition, a commitment fee of up to 0.75% is charged on the unused portion of the Amended Credit Facility on a quarterly basis. The borrowings under the Amended Credit Facility, which terminates May 31, 2005, are guaranteed by a pledge of all of the common stock of each of the Company's domestic material subsidiaries and 65% of the stock of each of the Company's direct foreign material subsidiaries. The Amended Credit Facility prohibits, without the consent of the lenders, the Company from incurring additional indebtedness, limits certain investment advances or loans and restricts substantial asset sales, capital expenditures, stock repurchases and dividends. The Amended Credit Facility also includes a maximum judgment limitation of $2.5 million and other unsecured indebtedness of $2.0 million, requires cash and cash equivalents of $40.0 million and a minimum of eligible accounts receivable of $23.8 million. There were no outstanding balances on the Amended Credit Facility as of June 30, 2003. At June 30, 2003, the Company had approximately $30.3 million of availability under the Amended Credit Facility.

Note 6 – Income Taxes

The Company's effective tax rate was 34.0% for the six months ended June 30, 2003 and June 30, 2002. The Company's effective tax rate differs from the statutory federal income tax rate of 35.0% primarily due to the effects of non-deductible intangibles and other permanent differences, state income taxes, varying foreign income tax rates and requisite valuation allowances.

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

Certain German subsidiaries of the Company are under examination by the German tax authorities for a period covering January 1, 1997 through December 31, 2000. In addition, the Company is currently under examination by several states for sales and use taxes and franchise taxes for various periods. In the opinion of management, any liability that may arise from the prior periods as a result of these examinations is not expected to have a material effect on the Company's financial condition, results of operations or cash flows.

Note 7 – Earnings Per Share

Basic earnings per share are based on the weighted average number of common shares outstanding during the periods. Diluted earnings per share includes the weighted average number of common shares outstanding during the respective periods and the further dilutive effect, if any, from stock options using the treasury stock method.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	**2002**	**2003**	**2002**
Basic:				
Weighted average common shares outstanding	40,350	40,432	40,365	40,389
Diluted:				
Dilutive effect of stock options	74	340	32	281
Total weighted average diluted shares outstanding	40,424	40,772	40,397	40,670

On August 5, 2002, the Company's Board of Directors authorized the purchase of up to an additional three million shares of its outstanding common stock. The shares are purchased, from time to time, through open market purchases or in negotiated private transactions, and the purchases are based on factors, including but not limited to, the stock price and general market conditions. The Company's revolving credit facility (see Note 5 "Borrowings") limits the dollar amount of stock that may be repurchased by the Company. As of June 30, 2003, the Company had repurchased 199 thousand common shares at prices ranging between $3.11 to $6.75 per share for a total cost of $0.9 million.

Note 8 – Termination of the Employee Stock Purchase Plan

Effective June 30, 2003, the Company's Board of Directors decided to terminate the Company's Employee Stock Purchase Plan (the "Plan") due to limited employee participation and costs associated with administrating the Plan. Accordingly, the remaining 0.8 million shares of the Company's common stock previously reserved are no longer available for future issuance under the Plan as of June 30, 2003.

Note 9 – Segment Reporting and Major Clients

The Company operates within two regions, the "Americas" and "EMEA" which represented 67.2% and 32.8%, respectively, of the Company's consolidated revenues for the three months ended June 30, 2003 and 66.4% and 33.6%, respectively, of the Company's consolidated revenues for the six months ended June 30, 2003. In the comparable 2002 periods, the Americas and EMEA regions represented 66.3% and 33.7%, respectively, of the Company's consolidated revenues for the three months ended June 30, 2002 and 67.8% and 32.2%, respectively, of the Company's consolidated revenues for the six months ended June 30, 2002. Each region represents a reportable segment comprised of aggregated regional operating segments, which portray similar economic characteristics. The Company aligned its business into these two segments to more effectively manage the business and support the customer care needs of every client and to respond to the changing demands of the Company's global customers and the implementation of the customer centric model. The customer centric model reflects the philosophy throughout the organization and was formally implemented in connection with the Company's continued efforts to concentrate resources on its core competencies and focus on the needs of its clients. In the first quarter of 2003, the Company began to evaluate the performance of its reportable segments before allocation of corporate resources, primarily its corporate headquarters costs. Accordingly, effective January 1, 2003, these costs are no longer included

Note 9 – Segment Reporting and Major Clients (continued)

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

Note 9 – Segment Reporting and Major Clients (continued)

Information about the Company's reportable segments for the three and six months ended June 30, 2003 compared to the corresponding prior year periods, as revised to reflect the change in segments to exclude corporate resources no longer allocated to the segments, is as follows (in thousands):

	Americas	EMEA	Other [1]	Consolidated Total
Three Months Ended June 30, 2003:				
Revenues	$79,922	$39,027		$118,949
Depreciation and amortization	4,809	2,575		7,384
Income (loss) from operations	$ 9,114	$ 6	$(5,554)	$ 3,566
Other income			301	301
Provision for income taxes			1,314	1,314
Net income				$ 2,553
Three Months Ended June 30, 2002:				
Revenues	$74,851	$37,978		$112,829
Depreciation and amortization	5,760	2,510		8,270
Income (loss) from operations	$ 8,717	$ 1,592	$(5,669)	$ 4,640
Other expense			(369)	(369)
Provision for income taxes			1,547	1,547
Net income				$ 2,724

	Americas	EMEA	Other [1]	Consolidated Total
Six Months Ended June 30, 2003:				
Revenues	$156,758	$79,477		$236,235
Depreciation and amortization	11,133	5,113		16,246
Income (loss) from operations	$ 14,583	$ 424	$(11,418)	$ 3,589
Other income			563	563
Provision for income taxes			1,411	1,411
Net income				$ 2,741
Six Months Ended June 30, 2002:				
Revenues	$155,556	$74,016		$229,572
Depreciation and amortization	11,383	4,852		16,235
Income (loss) from operations	$ 18,194	$ 3,484	$(12,392)	$ 9,286
Other expense			(281)	(281)
Provision for income taxes			3,062	3,062
Net income				$ 5,943

[1] Other items (including corporate costs, other income and expense, and income taxes) are shown for purposes of reconciling to the Company's consolidated totals as shown in the table above. The accounting policies of the reportable segments are the same as those described in Note 1 to the consolidated financial statements in the Annual Report on Form 10-K for the year ended December 31, 2002. Inter-segment revenues are not material to the Americas and EMEA segment results. The Company evaluates the performance of its geographic segments based on revenue and income from operations, and does not include segment assets or other items for management reporting purposes.

Note 9 – Segment Reporting and Major Clients (continued)

Information about the Company's reportable segments for each of the four quarters ended December 31, 2002 and the year ended December 31, 2002, as revised to reflect the change in segments to exclude corporate resources no longer allocated to the segments, is as follows (in thousands):

	Americas	EMEA	Other [1]	Consolidated Total
Three Months Ended March 31, 2002:				
Revenues	$80,705	$36,038		$116,743
Depreciation and amortization	5,623	2,342		7,965
Income (loss) from operations	$ 9,477	$ 1,892	$ (6,723)	$ 4,646
Other income			88	88
Provision for income taxes			1,515	1,515
Net income				$ 3,219
Three Months Ended June 30, 2002:				
Revenues	$74,851	$37,978		$112,829
Depreciation and amortization	5,760	2,510		8,270
Income (loss) from operations	$ 8,717	$ 1,592	$ (5,669)	$ 4,640
Other expense			(369)	(369)
Provision for income taxes			1,547	1,547
Net income				$ 2,724
Three Months Ended September 30, 2002:				
Revenues	$70,339	$39,319		$109,658
Depreciation and amortization	5,406	3,441		8,847
Income (loss) from operations	$ 6,545	$ (644)	$ (3,738)	$ 2,163
Other expense			(12,269)	(12,269)
Benefit for income taxes			(3,436)	(3,436)
Net loss				$ (6,670)
Three Months Ended December 31, 2002:				
Revenues	$73,290	$40,217		$113,507
Depreciation and amortization	6,356	2,900		9,256
Income (loss) from operations before restructuring and other charges and impairment of long-lived assets	$ 3,943	$ (439)	$ (4,904)	$ (1,400)
Restructuring and other charges			(20,814)	(20,814)
Impairment of long-lived assets			(1,475)	(1,475)
Income (loss) from operations				(23,689)
Other income			344	344
Benefit for income taxes			(5,441)	(5,441)
Net loss				$ (17,904)

Note 9 – Segment Reporting and Major Clients (continued)

	Americas	EMEA	Other (1)	Consolidated Total
Year Ended December 31, 2002:				
Revenues	$299,185	$153,552		$452,737
Depreciation and amortization	23,145	11,193		34,338
Income (loss) from operations before restructuring and other charges and impairment of long-lived assets	$ 28,682	$ 2,401	$(21,034)	$ 10,049
Restructuring and other charges			(20,814)	(20,814)
Impairment of long-lived assets			(1,475)	(1,475)
Income (loss) from operations				(12,240)
Other expense			(12,206)	(12,206)
Benefit for income taxes			(5,815)	(5,815)
Net loss				$ (18,631)

(1) Other items (including corporate costs, other income and expense, and income taxes) are shown for purposes of reconciling to the Company's consolidated totals as shown in the table above. The accounting policies of the reportable segments are the same as those described in Note 1 to the consolidated financial statements in the Annual Report on Form 10-K for the year ended December 31, 2002. Inter-segment revenues are not material to the Americas and EMEA segment results. The Company evaluates the performance of its geographic segments based on revenue and income from operations, and does not include segment assets or other items for management reporting purposes.

The Americas' revenues included $19.7 million, or 16.6% of consolidated revenues, and $39.6 million, or 16.8% of consolidated revenues, for the three and six months ended June 30, 2003, respectively, from a major provider of communications services. This compared to $16.5 million, or 14.6% of consolidated revenues, and $31.1 million, or 13.5% of consolidated revenues, for the three and six months ended June 30, 2002, respectively. Effective May 1, 2003, the Company entered into a subcontractor services agreement (the "Agreement") with a leading management consulting company, who entered into a primary services agreement with this major provider of communication services. Under the terms of this Agreement, the Company will continue to provide the products and services necessary to support and assist the consulting company in the management and performance of its primary services agreement.

In addition, total consolidated revenues included $14.8 million, or 12.5% of consolidated revenues and $30.5 million, or 12.9% of consolidated revenues, for the three and six months ended June 30, 2003, from a leading software and services provider. This included $14.7 million in revenue from the Americas and $0.1 million in revenue from EMEA for the three months ended June 30, 2003 and $30.0 million in revenue from the Americas and $0.5 million in revenue from EMEA for the six months ended June 30, 2003. In the comparable 2002 periods, this provider represented $12.7 million, or 11.2% of consolidated revenues, and $27.0 million, or 11.8% of consolidated revenues, for the three and six months ended June 30, 2002, respectively. This included $12.2 million in revenue from the Americas and $0.5 million in revenue from EMEA for the three months ended June 30, 2002 and $25.9 million in revenue from the Americas and $1.1 million in revenue from EMEA for the six months ended June 30, 2002.

INDEPENDENT ACCOUNTANTS' REPORT

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

We have reviewed the accompanying condensed consolidated balance sheet of Sykes Enterprises, Incorporated and subsidiaries (the "Company") as of June 30, 2003, and the related condensed consolidated statements of income for the three- and six-month periods ended June 30, 2003 and 2002, of cash flows for the six-month periods ended June 30, 2003 and 2002, and of changes in shareholders' equity for the six-month periods ended June 30, 2003, December 31, 2002, and June 30, 2002. These interim financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to such condensed consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of the Company as of December 31, 2002, and the related consolidated statements of operations, changes in shareholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated February 10, 2003, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2002 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Deloitte & Touche LLP
Certified Public Accountants

Tampa, Florida
July 28, 2003

Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations.

This discussion should be read in conjunction with the condensed consolidated financial statements and notes included elsewhere in this report and in the Sykes Enterprises, Incorporated ("Sykes," "our", "we" or "us") Annual Report on Form 10-K for the year ended December 31, 2002 filed with the Securities and Exchange Commission.

Our discussion and analysis may contain forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995) that are based on current expectations, estimates, forecasts, and projections about Sykes, our beliefs, and assumptions made by us. In addition, other written or oral statements, which constitute forward-looking statements, may be made from time to time by us. Words such as "believe," "estimate," "project," "expect," "intend," "may," "anticipate," "plan," "seek," variations of such words, and similar expressions are intended to identify such forward-looking statements. Similarly, statements that describe our future plans, objectives, or goals also are forward-looking statements. These statements are not guarantees of future performance and are subject to a number of risks and uncertainties, including those discussed below and elsewhere in this report. Our actual results may differ materially from what is expressed or forecasted in such forward-looking statements, and undue reliance should not be placed on such statements. All forward-looking statements are made as of the date hereof, and we undertake no obligation to update any such forward-looking statements, whether as a result of new information, future events or otherwise.

Factors that could cause actual results to differ materially from what is expressed or forecasted in such forward-looking statements include, but are not limited to: (i) the timing of significant orders for our products and services, (ii) variations in the terms and the elements of services offered under our standardized contract including those for future bundled service offerings, (iii) changes in applicable accounting principles or interpretations of such principles, (iv) difficulties or delays in implementing our bundled service offerings, (v) failure to achieve sales, marketing and other objectives, (vi) construction delays of new technical and customer support centers, (vii) delays in our ability to develop new products and services and market acceptance of new products and services, (viii) rapid technological change, (ix) loss or addition of significant clients, (x) risks inherent in conducting business abroad, (xi) currency fluctuations, (xii) fluctuations in business conditions and the economy, (xiii) our ability to attract and retain key management personnel, (xiv) our ability to continue the growth of our support service revenues through additional technical and customer service centers, (xv) our ability to further penetrate into vertically integrated markets, (xvi) our ability to expand our global presence through strategic alliances and selective acquisitions, (xvii) our ability to continue to establish a competitive advantage through sophisticated technological capabilities, (xviii) the ultimate outcome of any lawsuits, (xix) our ability to recognize deferred revenue through delivery of products or satisfactory performance of services, (xx) our dependence on trend toward outsourcing, (xxi) risk of emergency interruption of technical and customer support center operations, (xxii) the existence of substantial competition, (xxiii) the early termination of contracts by clients and (xxiv) other risk factors listed from time to time in our registration statements and reports as filed with the Securities and Exchange Commission.

Results of Operations

The following table sets forth, for the periods indicated, certain data derived from our Condensed Consolidated Statements of Income and certain of such data expressed as a percentage of revenues (in thousands, except percentage amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Revenues	$118,949	$112,829	$236,235	$229,572
Direct salaries and related costs	$ 76,508	$ 70,156	$153,864	$142,878
Percentage of revenues	64.3%	62.2%	65.1%	62.2%
General and administrative expenses	$ 38,875	$ 38,033	$ 78,782	$ 77,408
Percentage of revenues	32.7%	33.7%	33.4%	33.7%
Income from operations	$ 3,566	$ 4,640	$ 3,589	$ 9,286
Percentage of revenues	3.0%	4.1%	1.5%	4.0%

The following table summarizes our revenues, for the periods indicated, by geographic region (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Revenues:				
Americas	$ 79,922	$ 74,851	$156,758	$155,556
EMEA	39,027	37,978	79,477	74,016
Consolidated	$118,949	$112,829	$236,235	$229,572

Three Months Ended June 30, 2003 Compared to Three Months Ended June 30, 2002

Revenues

For the three months ended June 30, 2003, we recorded consolidated revenues of $118.9 million, an increase of $6.1 million or 5.4% from $112.8 million of consolidated revenues for the comparable 2002 period.

On a geographic segmentation basis, revenues from the Americas region, including the United States, Canada, Latin America, India and the Asia Pacific Rim, represented 67.2%, or $79.9 million for the three months ended June 30, 2003 compared to 66.3%, or $74.8 million for the comparable 2002 period. Revenues from the EMEA region, including Europe, the Middle East and Africa, represented 32.8%, or $39.0 million for the three months ended June 30, 2003 compared to 33.7%, or $38.0 million for the comparable 2002 period.

The increase in the Americas' revenue of $5.1 million, or 6.8%, for the three months ended June 30, 2003 was primarily attributable to an increase in revenues from our offshore markets, including Latin America, India and the Asia Pacific Rim operations, resulting from the continued acceleration in demand for a lower cost solution. These offshore operations represented 16.1% of consolidated revenues for the three months ended June 30, 2003 compared to 8.7% for the comparable 2002 period. The increase in the Americas' revenue was partially offset by the phasing out of two U.S. based original equipment manufacturer ("OEM") technology clients.

Results of Operations (continued)

Revenues (continued)

The increase in EMEA's revenue of $1.0 million, or 2.8% for the three months ended June 30, 2003, was primarily related to the strengthening Euro, which positively impacted revenues for the three months ended June 30, 2003 by approximately $7.4 million compared to the Euro in the same period in 2002. Without this foreign currency benefit, EMEA's revenues would have declined $6.4 million compared with last year due to the continued softness in customer call volumes resulting from the weak European economy.

Direct Salaries and Related Costs

Direct salaries and related costs increased $6.3 million or 9.0% to $76.5 million for the three months ended June 30, 2003, from $70.2 million in the comparable 2002 period. As a percentage of revenues, direct salaries and related costs increased to 64.3% in 2003 from 62.2% for the comparable 2002 period. This increase was primarily attributable to an increase in staffing and training costs associated with the ramp-up of new business in our offshore markets, lower call volumes in the United States and European markets and the lower margin European centers that were not yet closed in connection with our 2002 restructuring plan. Although the strengthening Euro positively impacted revenues, it negatively impacted direct salaries and related costs for the three months ended June 30, 2003 by $4.9 million compared to the Euro in the same period of 2002.

General and Administrative

General and administrative expenses increased $0.9 million or 2.2% to $38.9 million for the three months ended June 30, 2003, from $38.0 million in the comparable 2002 period. As a percentage of revenues, general and administrative expenses decreased to 32.7% in 2003 from 33.7% for the comparable 2002 period. This decrease in general and administrative expense as a percentage of revenues was principally attributable to lower depreciation, wages and benefits costs partially offset by higher lease costs associated with the expansion of offshore facilities and higher insurance costs. Like the negative effect on direct salaries and related costs, the strengthening Euro also negatively impacted general and administrative expenses for the three months ended June 30, 2003 by approximately $2.5 million compared to the Euro in the same period of 2002.

Other Income and Expense

Other income was $0.3 million for the three months ended June 30, 2003, compared to other expense of $0.4 million during the comparable 2002 period. This increase of $0.7 million was primarily attributable to an increase of $0.1 million in interest earned on cash and cash equivalents, a $0.2 million loss on disposal of assets in June 2002 related to the move of our corporate headquarters in Tampa, Florida, USA and a charge of $0.2 million for the amortization of loan fees related to the cancellation and replacement of our revolving credit facility in April 2002.

Provision for Income Taxes

The provision for income taxes decreased $0.2 million to $1.3 million for the three months ended June 30, 2003 from $1.5 million for the comparable 2002 period. This decrease was primarily attributable to the decrease in income for the three months ended June 30, 2003.

Results of Operations (continued)

Net Income

As a result of the foregoing, income from operations for the three months ended June 30, 2003 of $3.6 million decreased $1.1 million from the comparable 2002 period. As previously discussed, this decrease was principally attributable to a $6.3 million increase in direct salaries and related costs and a $0.9 million increase in general and administrative costs offset by a $6.1 million increase in revenues in the second quarter of 2003 compared to the same period in 2002. The $1.1 million lower income from operations was offset by a $0.2 million lower tax provision and higher other income of $0.7 million resulting in net income of $2.6 million for the three months ended June 30, 2003, a decline of $0.2 million, compared to the same period in 2002.

Six Months Ended June 30, 2003 Compared to Six Months Ended June 30, 2002

Revenues

For the six months ended June 30, 2003, we recorded consolidated revenues of $236.2 million, an increase of $6.7 million or 2.9% from $229.5 million of consolidated revenues for the comparable 2002 period.

On a geographic segmentation basis, revenues from the Americas region, including the United States, Canada, Latin America, India and the Asia Pacific Rim, represented 66.4%, or $156.8 million for the six months ended June 30, 2003 compared to 67.8%, or $155.5 million for the comparable 2002 period. Revenues from the EMEA region, including Europe, the Middle East and Africa, represented 33.6%, or $79.4 million for the six months ended June 30, 2003 compared to 32.2%, or $74.0 million for the comparable 2002 period.

The increase in Americas' revenue of $1.3 million, 0.8%, for the six months ended June 30, 2003 was primarily attributable to an increase in revenues from our offshore markets, including Latin America, India and the Asia Pacific Rim operations, resulting from the continued acceleration in demand for a lower cost solution. These operations represented 14.7% of consolidated revenues for the six months ended June 30, 2003 compared to 8.4% for the comparable 2002 period. The increase in the Americas' revenue was partially offset by the overall reduction in client call volumes resulting from the economic downturn and the phasing out of two U.S. based OEM technology clients.

The increase in EMEA's revenue of $5.4 million, or 7.4%, for the six months ended June 30, 2003 was primarily related to the strengthening Euro, which positively impacted revenues for the six months ended June 30, 2003 by approximately $14.8 million compared to the Euro in the same period in 2002. Without this foreign currency benefit, EMEA's revenues would have declined $9.4 million compared with last year due to the continued softness in customer call volumes resulting from the weak European economy.

Direct Salaries and Related Costs

Direct salaries and related costs increased $11.0 million or 7.7% to $153.9 million for the six months ended June 30, 2003, from $142.9 million in the comparable 2002 period. As a percentage of revenues, direct salaries and related costs increased to 65.1% in 2003 from 62.2% for the comparable 2002 period. This increase was primarily attributable to an increase in staffing and training costs associated with the ramp-up of new business in our offshore markets, lower call volumes in the United States and European markets and lower margin European centers that were not yet closed in connection with our 2002 restructuring plan. Although the strengthening Euro positively impacted revenues, it negatively impacted direct salaries and related costs for the six months ended June 30, 2003 by $9.8 million compared to the Euro in the same period of 2002.

Results of Operations (continued)

General and Administrative

General and administrative expenses increased $1.4 million or 1.8% to $78.8 million for the six months ended June 30, 2003, from $77.4 million in the comparable 2002 period. As a percentage of revenues, general and administrative expenses decreased to 33.4% in 2003 from 33.7% for the comparable 2002 period. This decrease was principally attributable to lower depreciation, wages and benefits costs, professional fees due to an overall reduction in the use of outside consultants and certain initial cost savings related to the fourth quarter 2002 restructuring plan. The decrease in general and administrative expenses as a percentage of revenues was partially offset by higher lease costs associated with the expansion of offshore facilities and higher insurance costs. Like the negative effect on direct salaries and related costs, the strengthening Euro also negatively impacted general and administrative expenses for the six months ended June 30, 2003 by approximately $5.0 million compared to the Euro in the same period of 2002.

Other Income and Expense

Other income was $0.5 million during the six months ended June 30, 2003, compared to other expense of $0.3 million during the comparable 2002 period. This increase of $0.8 million was primarily attributable to an increase in interest earned on cash and cash equivalents, a $0.2 million loss on disposal of assets in June 2002 related to the move of our corporate headquarters in Tampa, Florida U.S.A. and a charge of $0.2 million for the amortization of loan fees related to the cancellation and replacement of our revolving credit facility in April 2002.

Provision for Income Taxes

The provision for income taxes decreased $1.7 million to $1.4 million for the six months ended June 30, 2003 from $3.1 million for the comparable 2002 period. This decrease was primarily attributable to the decrease in income for the six months ended June 30, 2003. The effective tax rate was 34.0% for the six months ended June 30, 2003 and 34.0% for the comparable 2002 period. The effective tax rate differs from the statutory federal income tax rate of 35.0% primarily due to the effects of non-deductible intangibles and other permanent differences, state income taxes, varying foreign income tax rates and requisite valuation allowances.

Net Income

As a result of the foregoing, income from operations for the six months ended June 30, 2003 of $3.6 million decreased $5.7 million from the comparable 2002 period. As previously discussed, this decrease was principally attributable to an $11.0 million increase in direct salaries and related costs and a $1.4 million increase in general and administrative costs offset by an increase of $6.7 million in revenues during the first half of 2003 compared to the same period in 2002. The $5.7 million lower income from operations was offset by a $1.7 million lower tax provision and higher other income of $0.8 million resulting in net income of $2.7 million for the six months ended June 30, 200, a decline of $3.2 million, compared to the same period in 2002.

Liquidity and Capital Resources

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

Results of Operations (continued)

Liquidity and Capital Resources (continued)

In the first half of 2003, we generated $4.3 million in cash from operating activities, used $12.4 million in funds for investments in capital expenditures and $0.3 million to repurchase stock in the open market resulting in a $4.1 million decrease in available cash (net of the effects of international currency exchange rates on cash of $4.3 million).

Net cash flows provided by operating activities for the six months ended June 30, 2003 were $4.3 million compared to net cash flows provided by operating activities of $33.1 million for the comparable 2002 period. The $28.8 million decrease in net cash flows from operating activities was due to a decrease in net income of $3.2 million, a net decrease in non-cash expenses of $0.1 million and a net increase in assets and liabilities of $25.5 million. The net increase in assets and liabilities of $25.5 million was due to a $19.4 million increase in receivables, an increase in other assets of $3.0 million and a decrease in accounts payable and other accrued accounts of $5.4 million offset by an increase in income taxes payable of $2.3 million net of an increase in income tax refunds of $3.0 million. The increase in receivables was primarily due to an increase in revenues and the timing of payments for certain client receivables, which were subsequently received in the first part of July 2003.

Capital expenditures, which are generally funded by cash generated from operating activities and borrowings available under our credit facilities, were $12.4 million for the six months ended June 30, 2003 compared to $9.1 million for the comparable 2002 period, an increase of $3.3 million. In the six months ended June 30, 2003, approximately 87% of the capital expenditures were the result of investing in new and existing customer support centers, primarily offshore, and 13% was expended primarily for maintenance and systems infrastructure. In 2003, we anticipate capital expenditures in the range of $25.0 million to $30.0 million.

The primary sources of cash flows from financing activities are from borrowings under our $40.0 million revolving credit facility. We amended our $40.0 million revolving credit facility with a group of lenders (the "Amended Credit Facility"), effective as of June 30, 2003, to eliminate the quarterly capital expenditures limitation of $7.5 million in 2003 and to increase the cumulative four quarter maximum capital expenditures limitation to $35.0 million beginning with the quarter ended June 30, 2003 (previously $25.0 million). The Amended Credit Facility includes a $10.0 million swingline subfacility, a $15.0 million letter of credit subfacility and a $25.0 million multi-currency subfacility. Borrowings under the Amended Credit Facility are restricted to 85% of eligible accounts receivable. Absent the amendment and even though there were no outstanding balances on the existing revolving credit facility as of June 30, 2003, we would have been in violation of the capital expenditures limitation of $7.5 million for the quarter ended June 30, 2003.

The Amended Credit Facility, which is subject to certain financial covenants and borrowing limitations, may be used to provide working capital and for general corporate purposes and to fund future acquisitions. The Amended Credit Facility accrues interest, at our option, at (a) the lender's base rate plus an applicable margin up to 1.5%, (b) the London Interbank Offered Rate ("LIBOR") plus an applicable margin up to 2.5%, or (c) the Interbank Offered Rate ("IBOR") plus an applicable margin up to 2.5% that varies with debt levels and certain financial ratios. In addition, a commitment fee of up to 0.75% is charged on the unused portion of the Amended Credit Facility on a quarterly basis. The borrowings under the Amended Credit Facility, which terminates May 31, 2005, are guaranteed by a pledge of all of the common stock of each of our domestic material subsidiaries and 65% of the stock of each of

Results of Operations (continued)

Liquidity and Capital Resources (continued)

our direct foreign material subsidiaries. The Amended Credit Facility prohibits, without the consent of the lenders, Sykes from incurring additional indebtedness, limits certain investment advances or loans and restricts substantial asset sales, capital expenditures, stock repurchases and dividends. The Amended Credit Facility also includes a maximum judgment limitation of $2.5 million and other unsecured indebtedness of $2.0 million, requires cash and cash equivalents of $40.0 million and a minimum of eligible accounts receivable of $23.8 million. There were no outstanding balances on the Amended Credit Facility as of June 30, 2003. At June 30, 2003, we were in compliance with all loan requirements of the Amended Credit Facility. At June 30, 2003, we had $75.4 million in cash and approximately $30.3 million of availability under our Amended Credit Facility. Approximately $55.0 million of the cash balances at June 30, 2003 were held in international operations and may be subject to additional taxes if repatriated to the United States.

We believe that our current cash levels, accessible funds under our credit facilities and cash flows from future operations will be adequate to meet anticipated working capital needs, our future debt repayment requirements (if any), continued expansion objectives and anticipated levels of capital expenditures for the foreseeable future.

Critical Accounting Policies and Estimates

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

We believe the following accounting policies are the most critical since these policies require significant judgment or involve complex estimations that are important to the portrayal of our financial condition and operating results:

- We recognize revenue associated with the grants of land and the cash grants for the acquisition of property, buildings and equipment for customer support centers over the corresponding useful lives of the related assets. Should the useful lives of these assets change for reasons such as the sale or disposal of the property, the amount of revenue recognized would be adjusted accordingly. Deferred grants totaled $33.6 million at June 30, 2003. Income from operations included amortization of the deferred grants of $0.7 million and $1.5 million for the three and six months ended June 30, 2003, respectively.

- We maintained allowances for doubtful accounts of $5.9 million at June 30, 2003 or 6.7% of receivables, for estimated losses arising from the inability of our customers to make required payments. If the financial condition of our customers were to deteriorate, resulting in a reduced ability to make payments, additional allowances may be required which would reduce income from operations.

- We maintain a valuation allowance to reduce the deferred tax assets to the amount that is more likely than not to be realized. Deferred tax assets are reduced by a valuation allowance if, based on the weight of available evidence for each respective tax jurisdiction, it is more likely than not that some portion or all of such deferred tax assets will not be realized. Available evidence which is considered in determining the amount of valuation allowance required includes, but is not limited to, our estimate of future taxable income and any applicable tax-planning strategies.

- We hold a minority interest in SHPS, Incorporated as a result of the sale of a 93.5% ownership interest in June 2000. We account for this remaining interest at cost, which was $2.1 million at June 30, 2003. We will record an impairment charge or loss if we believe the investment has experienced a decline in value that is other than

Results of Operations (continued)

Critical Accounting Policies and Estimates (continued)

temporary. Future adverse changes in market conditions or poor operating results of the underlying investment could result in losses or an inability to recover the carrying value of the investment; and therefore, might require an impairment charge in the future.

- We review long-lived assets, which had a total carrying value of $111.5 million at June 30, 2003, including goodwill, for impairment at least annually or whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Upon determination that the carrying value of the asset is impaired, we would record an impairment charge or loss. Future adverse changes in market conditions or poor operating results of the underlying investment could result in losses or an inability to recover the carrying value of the investment; and therefore, might require an impairment charge in the future.

- Self-insurance related liabilities of $2.1 million at June 30, 2003 include estimates for, among other things, projected settlements for known and anticipated claims for worker's compensation and employee health insurance. Key variables in determining such estimates include past claims history, number of covered employees and projected future claims. We periodically evaluate and, if necessary, adjust the estimates based on information currently available. Revisions to these estimates, which could result in adjustments to the liability and additional charges, would be recorded in the period when such adjustments or charges are known.

Recent Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statements of Financial Accounting Standards ("SFAS") SFAS No. 143, *"Accounting for Asset Retirement Obligations"* , which addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. This statement applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, and development and (or) normal use of the asset. We implemented the provisions of SFAS No. 143 effective January 1, 2003. The impact of this adoption did not have a material effect on our financial condition, results of operations, or cash flows.

In April 2002, the FASB issued SFAS No. 145, *"Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections"* . Among other provisions, SFAS No. 145 rescinds SFAS No. 4 *"Reporting Gains and Losses from Extinguishment of Debt"* . Accordingly, gains or losses from extinguishment of debt are no longer reported as extraordinary items unless the extinguishment qualifies as an extraordinary item under the criteria of APB No. 30, *"Reporting the Results of Operations—Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions."* Gains or losses from extinguishment of debt that do not meet the criteria of APB No. 30 must be reclassified to income from continuing operations in all prior periods presented. We implemented the provisions of SFAS No. 145 effective January 1, 2003. The adoption of this statement had no impact on our financial condition, results of operations, or cash flows.

In July 2002, the FASB issued SFAS No. 146, *"Accounting for Costs Associated with Exit or Disposal Activities"* , which changes the accounting for costs such as lease termination costs and certain employee severance costs that are associated with a restructuring, discontinued operation, facilities closing, or other exit or disposal activity initiated after December 31, 2002. The statement requires companies to recognize the fair value of costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. SFAS No. 146 will be applied prospectively to exit or disposal activities that are initiated on or after January 1, 2003.

Results of Operations (continued)

Recent Accounting Pronouncements (continued)

In December 2002, the FASB issued SFAS No. 148, *"Accounting for Stock-Based Compensation—Transition and Disclosure—an amendment of SFAS No. 123"* . This statement provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. This statement also amends the disclosure requirements of SFAS No. 123 and Accounting Principles Board ("APB") Opinion No. 28, *"Interim Financial Reporting"* , to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. We implemented SFAS No. 148 effective January 1, 2003 regarding disclosure requirements for condensed financial statements for interim periods. We have not yet determined whether we will voluntarily change to the fair value based method of accounting for stock-based employee compensation.

In November 2002, the FASB issued FASB Interpretation ("FIN") No. 45, *"Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Direct Guarantees of Indebtedness of Others"* . This interpretation requires us to record, at the inception of a guarantee, the fair value of the guarantee as a liability, with the offsetting entry being recorded based on the circumstances in which the guarantee was issued. Funding under the guarantee is to be recorded as a reduction of the liability. After funding has ceased, the remaining liability is recognized in the income statement on a straight-line basis over the remaining term of the guarantee.

We adopted the disclosure provisions of FIN No. 45 in the fourth quarter of 2002 and the initial recognition and initial measurement provisions on a prospective basis for all guarantees issued after December 31, 2002. This interpretation did not have a material effect on our financial condition, results of operations, or cash flows. The existing guarantees, which are not subject to the measurement provisions of FIN No. 45, relate to guarantees in connection with debt between Sykes Enterprises, Incorporated and certain of its consolidated subsidiaries totaling $8.0 million as of June 30, 2003.

Item 3 - Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency and Interest Rate Risk

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

Our exposure to interest rate risk results from variable debt outstanding under our revolving credit facilities. Based on our level of variable rate debt outstanding during the six-month period ended June 30, 2003, a one-point increase in the weighted average interest rate, which generally equals the LIBOR rate plus an applicable margin, would not have had a material impact on our annual interest expense. At June 30, 2003, we had no debt outstanding at variable interest rates. We have not historically used derivative instruments to manage exposure to changes in interest rates.

Results of Operations (continued)

Item 3 - Quantitative and Qualitative Disclosures About Market Risk (continued)

Fluctuations in Quarterly Results

For the year ended December 31, 2002, quarterly revenues as a percentage of total consolidated annual revenues were approximately 26%, 25%, 24% and 25%, respectively, for each of the respective quarters of the year. We have experienced and anticipate that in the future we will continue to experience variations in quarterly revenues. The variations are due to the timing of new contracts and renewal of existing contracts, the timing of the expenses incurred to support new business, the timing and frequency of client spending for customer support services, non-U.S. currency fluctuations, and the seasonal pattern of technical and customer support, and fulfillment services.

Item 4 - Controls and Procedures

Within 90 days prior to the date of this report, we, under the supervision and with the participation of our principal executive officer and principal financial officer, carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our principal executive officer and principal financial officer concluded that the disclosure controls and procedures are alerting them in a timely manner to material information required to be included in our periodic Securities and Exchange Commission reports. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

Since the date of this evaluation, there have not been any significant changes in the internal controls, or in other factors that could significantly affect these controls since the evaluation date.

Part II – OTHER INFORMATION.

Item 4 – Submission of Matters to a Vote of Security Holders.

The Annual Meeting of Shareholders was held on May 1, 2003. See Item 4 of Form 10-Q for the quarter ended March 31, 2003 for the results of the votes taken at the meeting.

Item 6 – Exhibits and Reports on Form 8-K.

(a) Exhibits

The following documents are filed as an exhibit to this Report:

10.56	Employment Separation Agreement, Waiver and Release dated as of June 9, 2003 between Harry A. Jackson, Jr. and Sykes Enterprises, Incorporated.
10.57	Amendment No. 2 to Revolving Credit Agreement between SunTrust Bank, Wachovia Bank and BNP Paribas and Sykes Enterprises, Incorporated dated as of June 30, 2003.
15	Letter regarding unaudited interim financial information.
31.1	Certification of Chief Executive Officer, pursuant to 15 U.S.C. §7241.
31.2	Certification of Chief Financial Officer, pursuant to 15 U.S.C. §7241.
32.1	Certification of Chief Executive Officer, pursuant to 18 U.S.C. §1350.
32.2	Certification of Chief Financial Officer, pursuant to 18 U.S.C. §1350.

(b) Reports on Form 8-K

We filed a current report on Form 8-K, under Item 12 dated April 28, 2003, with the Securities and Exchange Commission on April 29, 2003, announcing our financial results for the quarter ended March 31, 2003.

SIGNATURE

Pursuant to the requirements 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.

SYKES ENTERPRISES, INCORPORATED
(Registrant)

Date: August 11, 2003

By: /s/ W. Michael Kipphut

W. Michael Kipphut
Group Executive, Senior Vice President – Finance
(Principal Financial and Accounting Officer)

Sykes Enterprises, Incorporated and Subsidiaries
Form 10-Q
For the Quarter Ended June 30, 2003

EXHIBIT INDEX

Exhibit Number	
10.56	Employment Separation Agreement, Waiver and Release dated as of June 9, 2003 between Harry A. Jackson, Jr., and Sykes Enterprises, Incorporated.
10.57	Amendment No. 2 to Revolving Credit Agreement between SunTrust Bank, Wachovia Bank and BNP Paribas and Sykes Enterprises, Incorporated dated as of June 30, 2003.
15	Letter regarding unaudited interim financial information.
31.1	Certification of Chief Executive Officer, pursuant to 15 U.S.C. §7241.
31.2	Certification of Chief Financial Officer, pursuant to 15 U.S.C. §7241.
32.1	Certification of Chief Executive Officer, pursuant to 18 U.S.C. §1350.
32.2	Certification of Chief Financial Officer, pursuant to 18 U.S.C. §1350.

EXHIBIT 10.56

EMPLOYMENT SEPARATION AGREEMENT,
WAIVER AND RELEASE

THIS EMPLOYMENT SEPARATION AGREEMENT, WAIVER AND RELEASE (hereinafter "this Agreement") is made and entered into between SYKES ENTERPRISES, INCORPORATED, and its subsidiaries, affiliates, directors, officers, employees, representatives and agents (collectively referred to herein as the "Employer"), and HARRY A. JACKSON, JR., and his heirs, assigns, executors and administrators (collectively referred to herein as "Employee") on the date set forth below.

WHEREAS the Employer and Employe desire to amicably end their employment relationship and fully and finally settle all existing or potential claims and disputes between them, whether known or unknown as of this date, the parties agree that Employee's employment is terminated effective April 3, 2003. The parties further agree as follows:

1. OBLIGATIONS OF THE EMPLOYER. In consideration of Employee's agreement to the terms herein, the Employer shall provide to Employee the following, which contains compensation and benefits which the Employer is not otherwise legally obligated to provide:

a. Employee will be paid at the rate of his regular base salary through June 30, 2003. Such pay, subject to all required withholdings, will be paid on the regularly scheduled days for corporate payroll. From this amount, Employer will deduct $3,146.89 USD, which represents repayment of certain expenses of Employee previously paid by Employer in the amount of 2,690.81 Euros.

b. Employer has paid to Employee, in a lump sum, an amount equal to a gross sum of $14,433.75, less all required withholdings, which represents all of Employee's 138.16 hours of accrued but unused vacation as of the date of termination.

c. Employer will pay the cost of COBRA health insurance continuation from April 3, 2003 through June 30, 2003 for Employee and his family. The obligation of Employer to pay this amount is dependent upon Employee making a timely and valid election to receive COBRA benefits as set forth in section 1 (h) below.

d. Employer will pay expenses associated with the re-patriation of Employee, including expenses relating to the move of personal property, to the United States, but only to the extent that such expenses are incurred prior to July 15, 2003, and further provided that the reimbursement pursuant to this section 1 (d) shall not exceed $15,000. In addition to the $15,000 limit set forth above, Employer will pay the cost of two business class and two coach class one way air fares from Amsterdam to Orlando, Florida USA, provided that such travel is booked through Sykes Travel.

e. Employer will pay, through June 30, 2003, the monthly rent for the house Employee is presently occupying in Amsterdam, the Netherlands, as well as the monthly utility expenses for those utilities, which Employer has customarily paid to date.

f. Employer will pay for one (1) relocating trip from the Netherlands to Tampa, Florida, and return, for Employee, to include business class airfare (provided that such arrangements are booked through Sykes Travel), and a rental automobile and fuel for one week. No meals or lodging will be paid for or reimbursed by the Employer. Such trip must be completed prior to June 30, 2003.

g. The parties mutually agree that the tax preparation and equalization services provided to the Employee as was set forth in that certain December 1, 1998 Letter of Understanding will continue to be provided for the 2002 tax year, and that any refund or payment due in connection with Employee's Dutch return will be made to or by the Employer. Any refund or payment due in connection with Employee's U.S. return will be made to or by the Employee. The parties mutually agree that no such services will be provided for any period beginning on or after January 1, 2003.

h. In accordance with the provisions of the Consolidated Omnibus Reconciliation Act of 1986 ("COBRA"), Employer is required to advise Employee that upon separation of service, Employee may elect to continue, for a period of up to eighteen (18) months, the same health insurance coverage, dental insurance coverage, vision insurance coverage and prescription drug plan that is being provided to Employee by Employer as of the date of this Agreement. Employee will be notified of his rights under COBRA and the cost of such continuation of coverage by letter. Employee must affirmatively elect such coverage in order to take advantage of this right.

i. This Agreement, and the obligations of Employer, including the payments required to be made pursuant to paragraphs a, c, d, e, f and g above, shall not become effective, if at all, until the eighth (8th) day following the date Employee executes this Agreement, so long as such execution is not revoked by Employee pursuant to paragraph 2(b)(iv) below.

2. OBLIGATIONS OF EMPLOYEE. In consideration of the foregoing special separation arrangements provided by the Employer, Employee agrees as follows:

a. Employee agrees to release and forever discharge by this Agreement the Employer from all liabilities, causes of actions, charges, complaints, suits, claims, obligations, costs, losses, damages, injuries, rights, judgments, attorneys' fees, expenses, bonds, bills, penalties, fines, and all other legal responsibilities of any form whatsoever whether known or unknown, whether suspected or unsuspected, whether fixed or contingent, whether in law or in equity, including but not limited to those arising from any acts or omissions occurring prior to the effective date of this Agreement, including those arising by reason of any and all matters from the beginning of time to the present, arising out of his past employment with, compensation during, and separation from Employer. Employee specifically releases claims under all applicable laws of The Netherlands, and all applicable United States state and federal laws, including but not limited to, Title VII of the Civil Rights Act of 1964 as amended, the Fair Labor Standards Act, the Rehabilitation Act of 1973, the Family Medical Leave Act, the Employee Retirement Income Security Act, the Consolidated Omnibus Reconciliation Act of 1986, the Americans with Disabilities Act, the Florida Civil Rights Act of 1992, the Workers' Compensation Act, the Equal Pay Act, the Age Discrimination in Employment Act of 1967 (Title 29, United States Code, Section 621, et seq.) ("ADEA"), as well as all common law claims, whether arising in tort or contract.

b. In addition to the other provisions in this Agreement, Employee acknowledges that the information in the following paragraphs is included for the express purpose of complying with the Older Workers' Benefits Protection Act, 29 U.S.C. Section 626(f):

i. I, Harry A. Jackson Jr., was over 40 years of age when I separated my employment and when I signed this Agreement. I realize there are many laws and regulations prohibiting employment discrimination or otherwise regulating employment or claims related to employment pursuant to which I may have rights or claims, including the Age Discrimination in Employment Act of 1967, as amended (the "ADEA"). I hereby waive and release any rights or claims I may have under the ADEA.

ii. By signing this Agreement, I state that I am receiving compensation and separation benefits to which I was not otherwise entitled. I am waiving and releasing all claims against Employer that I may have based on my age. I am not waiving any claim or action under the ADEA based upon rights or claims that may arise after the date I sign this Agreement.

iii. I am being given additional compensation and benefits as contained in Section 1 hereof in exchange for the release and waiver of all claims that I am agreeing to herein. The additional compensation and benefits are in addition to anything of value to which I am already entitled.

iv. I was informed in writing that I could consult with an attorney before signing this Agreement. I acknowledge that I was given the opportunity to consider this Agreement for twenty-one (21) days before signing it, and, if I sign it, to revoke it for a period of seven (7) days thereafter. Regardless of when I signed this Agreement, I acknowledge that my seven-day period will not be waived. The payments under paragraph 1. a, c, d, e, f and g above will not be made to me, if at all, until after the seven-day revocation period expires.

c. Employee shall not disclose, either directly or indirectly, any information whatsoever regarding any of the terms or the existence of this Agreement or of any other claim Employee may have against the Employer, to any person or organization, including but not limited to members of the press and media, present and former employees of the Employer, companies who do business with the Employer, or other members of the public. The only exceptions to Employee's promise of confidentiality herein is that Employee may reveal such terms of this Agreement as are necessary to comply with a request made by the Internal Revenue Service, as otherwise compelled by a court or agency of competent jurisdiction, as allowed and/or required by law, or as necessary to comply with requests from Employee's accountants or attorneys for legitimate business purposes.

d. Employee shall refrain from making any written or oral statement or taking any action, directly or indirectly, which Employee knows or reasonably should know to be disparaging or negative concerning the Employer except as allowed or required by law. Employee also shall refrain from suggesting to anyone that any written or oral statements be made which Employee knows or reasonably should know to be disparaging or negative concerning the Employer, or from urging or influencing any person to make any such statement. This provision shall include, but not be limited to, the requirement that Employee refrain from expressing any disparaging or negative opinions concerning the Employer, Employee's separation from the Employer, any of the Employer's officers, directors, or employees, or any other matters relative to the Employer's reputation as an employer. Employee's promises in this subsection, however, shall not apply to any judicial or administrative proceeding in which Employee is a party or has been subpoenaed to testify under oath by a government agency or by any third party.

e. Beginning on the date of this Agreement and continuing at all times hereafter, Employee and Employer shall, without any additional compensation except as provided herein, provide each other with full cooperation and reasonable assistance and will take all reasonable actions and execute such documents as reasonably necessary to affect a timely and seamless transition to others of Employee's statutory directorships, statutory shareholdings, statutory board of director positions and or statutory officer positions, or any similarly situated positions, if any, held in any of the Sykes Enterprises Incorporated companies, including any and all sister, parent or subsidiary companies and will provide full cooperation and reasonable assistance with Employer's defense of (i) any litigation against Employer, its officers, its subsidiaries, or its affiliates pending as of the date hereof or (ii) any other litigation against Employer, its officers, its subsidiaries, or its affiliates arising out of or relating to any circumstance, fact, event, or omission alleged to occur while Employee was employed by Employer. Employee shall at all times promptly be reimbursed by Employer for any and all out-of-pocket expenses, including travel expenses, that may be incurred by Employee in providing such cooperation and assistance, and to the extent that Employee provides any such assistance or cooperation, the Employee also shall be compensated for his time in providing such cooperation and assistance at a rate equivalent to a per diem based upon his base salary as in effect as of his date of termination. Such cooperation and assistance shall include, but not be limited to, access for research, being available for consultation, for deposition and trial testimony, and for availability and execution of discovery-related documents such as interrogatories, affidavits, requests for production, requests for admissions, and responses to each, as deemed necessary. Employee and Employer further agree to provide their good will and good faith in providing honest and forthright cooperation in all other aspects of their defense of any such litigation.

f. Employee will, on or before June 30, 2003, vacate the house Employee currently occupies (which house is leased by the Employer), leaving it in the condition required by the lease agreement upon termination.

g. Employee represents and warrants that he has filed expense reports with the Employer for all expenses incurred by Employee on behalf of Employer and that there are no additional expenses for which Employee will seek reimbursement.

3. TERMINATION AND RECOVERY OF BENEFITS. The Employer is entitled to recover the payments paid to Employee under paragraph l of this Agreement if the Employer reasonably relied upon any misrepresentation of Employee in agreeing to undertake those obligations.

4. NON-ADMISSION. Neither this Agreement, nor anything contained herein, is to be construed as an admission by the Employer or Employee or as evidence of any liability, wrongdoing or unlawful conduct whatsoever.

5. SEVERABILITY. If any provision of this Agreement is invalidated by a court of competent jurisdiction, then all of the remaining provisions of this Agreement shall continue unabated and in full force and effect.

6. ENTIRE AGREEMENT. This Agreement contains the entire understanding and agreement between the parties and shall not be modified or suspended except upon express written consent of the parties to this Agreement. Employee represents and acknowledges that in executing this Agreement Employee does not rely and has not relied upon any representation or statement made by the Employer or its agents, representatives or attorneys which is not set forth in this Agreement.

7. SUPERSEDES PAST AGREEMENTS. Except as expressly provided herein, this Agreement supersedes any previous employment agreements, contracts, or understandings, whether written or oral, between Employee and the Employer; specifically including but not limited to that certain letter from the Employer to the Employee dated April 3, 2003. Provided, however, those portions of that certain Employment Agreement dated the 6th day of March, 2002 (the "Employment Agreement"), which by its terms are intended to survive any termination of that agreement, specifically including sections 4 and 5 thereof, shall survive and remain binding upon Employee in accordance with their terms. Provided, however, notwithstanding sections 4 and 5 of the Employment Agreement, the Employer agrees that Employee may seek and accept employment with Service Zone, Inc., Design Technology Ltd. (d/b/a Transcom ISP), Sitel Corporation or ClientLogic Corporation (collectively referred to as the "Excepted Corporations"). In the event that Employee accepts employment with any of the Excepted Corporations, all restrictions set forth in sections 5(c) (3), (4), (5) and (6) of the Employment Agreement shall remain in effect, and Employee agrees that he will obtain a written statement from the Excepted Corporation acknowledging that Employee is bound by these restrictive covenants. Employee expressly admits and agrees that this Agreement provides compensation and benefits in lieu of any amounts that Employee could have received under any prior agreements or understandings with Employer. In the event that this Agreement is not executed by Employee, or in the event Employee executes this Agreement, but revokes his acceptance prior to the expiration of the seven (7) day period referenced in paragraph 2(b) (iv) above, that certain letter from Employer to Employee dated April 3, 2003 shall remain in full force and effect.

8. GOVERNING LAW. This Agreement shall be governed by the laws of the State of Florida.

9. ATTORNEY'S FEES. In any action brought to enforce this Agreement, the party in whose favor a judgment or decree has been rendered shall be entitled to recover costs and attorney's fees expended in any action to enforce the terms of this Agreement (including seeking injunctive relief or recision), or to defend a claim, lawsuit or other type of action which has been waived herein from the non-prevailing party.

10. EFFECTIVE DATE. This Agreement may be revoked by the Employee for a period of seven (7) days following the execution of the Agreement, and the Agreement shall not become effective or enforceable until the revocation period has expired.

IN WITNESS WHEREOF, and intending to be legally bound, the Employer by its authorized representative, and Employee, execute this Employment Separation Agreement, Waiver and Release, by signing below voluntarily and with full knowledge of the significance of all its provisions.

PLEASE READ CAREFULLY. THIS EMPLOYMENT SEPARATION AGREEMENT, WAIVER AND RELEASE INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.

Executed at Amsterdam, The Netherlands, this 22nd day of May, 2003.

/s/ Harry A. Jackson Jr.

Harry A. Jackson Jr.

Executed at Sykes Enterprises, Incorporated, Tampa Headquarters, this 9th day of June, 2003,

SYKES ENTERPRISES, INCORPORATED

BY: /s/ Jenna R. Nelson

Jenna R. Nelson
Senior Vice President, Human Resources

EXHIBIT 10.57

AMENDMENT NO. 2
TO
REVOLVING CREDIT AGREEMENT

THIS AMENDMENT NO. 2 TO REVOLVING CREDIT AGREEMENT (this "Amendment") is made and effective as of June 30, 2003, by and among SYKES ENTERPRISES, INCORPORATED, a Florida corporation (the "Borrower"), the several banks and other financial institutions from time to time party hereto (the "Lenders"), and SUNTRUST BANK, in its capacity as Administrative Agent for the Lenders (the "Administrative Agent") and in its capacity as Collateral Agent for the Lenders (the "Collateral Agent").

W I T N E S S E T H:

WHEREAS, the Borrower, the Lenders and the Administrative Agent are parties to that certain Revolving Credit Agreement, dated as of April 5, 2002, as amended by that certain Amendment No. 1 to Revolving Credit Agreement, dated as of September 30, 2002 (as amended, the "Existing Credit Agreement"), pursuant to which the Lenders have agreed to establish for the Borrower a revolving credit facility in the aggregate principal amount of $40,000,000, with a letter of credit subfacility in the aggregate principal amount of up to $15,000,000 and a swingline subfacility in the aggregate principal amount of up to $10,000,000 thereunder, all upon the terms and subject to the conditions specified in the Existing Credit Agreement; and

WHEREAS, upon request of the Borrower, the Lenders and the Administrative Agent have agreed to modify and amend the Existing Credit Agreement as set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the Borrower, the Lenders and the Administrative Agent agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1 CERTAIN DEFINITIONS. Unless otherwise defined herein or the context otherwise requires, the following terms as used in this Amendment, including the preamble and recitals, have the meanings set forth below:

"AMENDED CREDIT AGREEMENT" shall mean the Existing Credit Agreement, as amended hereby.

"AMENDMENT NO. 2 EFFECTIVE DATE" shall have the meaning assigned to such term in Article III.

SECTION 1.2 OTHER DEFINITIONS. Unless otherwise defined herein, capitalized terms used herein and not defined herein shall have the meanings assigned to such terms in the Existing Credit Agreement.

ARTICLE II

AMENDMENTS TO EXISTING AGREEMENT

SECTION 2.1 AMENDMENT TO ARTICLE VII - NEGATIVE COVENANTS.
Effective as of the Amendment No. 2 Effective Date, the Existing Credit Agreement is hereby amended as follows:

(a) Subsection (b) under Section 7.4 of "ARTICLE VII - NEGATIVE COVENANTS" of the Existing Credit Agreement is hereby deleted in its entirety and the following is substituted in lieu thereof:

(b) The Borrower will not, and will not permit any of its Subsidiaries to, make Capital Expenditures in the aggregate (i) in excess of $15,000,000 during any fiscal quarter of the Borrower commencing with the fiscal quarter ending March 31, 2004 and thereafter, or (ii) in excess of (A) $35,000,000 for any period of four consecutive fiscal quarters of the Borrower commencing with the fiscal quarter ending June 30, 2003 (by way of illustration, the initial four consecutive fiscal quarter period is July 1, 2002 through June 30, 2003), through and including the fiscal quarter ending December 31, 2003 or (B) $50,000,000 for any period of four consecutive fiscal quarters of the Borrower commencing with the fiscal quarter ending March 31, 2004 and thereafter.

ARTICLE III

EFFECTIVENESS OF AMENDMENT NO. 2

SECTION 3.1 Upon execution hereof by the Borrower, the Administrative Agent and the Required Lenders, this Amendment shall be and become effective as of June 30, 2003 (the "AMENDMENT NO. 2 EFFECTIVE DATE"), and hereafter, this Amendment shall be known, and may be referred to, as "AMENDMENT NO. 2".

ARTICLE IV

MISCELLANEOUS

SECTION 4.1 REPRESENTATIONS AND WARRANTIES. The Borrower hereby represents and warrants to the Administrative Agent and the Lenders that, after giving effect to this Amendment, (a) no Default or Event of Default exists under the Existing Credit Agreement or any of the other Loan Documents, (b) all representations and warranties of each Loan Party set forth in the Loan Documents are true and correct in all material respects on and as of the date hereof (except for those which expressly relate to an earlier date), (c) since the date of the most recent financial statements of the Borrower described in
Section 5.1(a) or (b) of the Existing Credit Agreement, there has been no change which has had or could reasonably be expected to have a Material Adverse Effect, and (d) the Loan Documents are legal, valid and binding obligations of the respective Loan Parties and are enforceable by the Administrative Agent and the Lenders, as applicable, against such Loan Parties in accordance with their respective terms.

SECTION 4.2 CROSS REFERENCES. References in this Amendment to any Section are, unless otherwise specified, to such Section of this Amendment.

SECTION 4.3 INSTRUMENT PURSUANT TO EXISTING CREDIT AGREEMENT. This Amendment is a document executed pursuant to the Existing Credit Agreement and shall (unless otherwise expressly indicated therein) be construed, administered and applied in accordance with the terms and provisions of the Existing Credit Agreement.

SECTION 4.4 LOAN DOCUMENTS. The Borrower hereby confirms and agrees that the Loan Documents are, and shall continue to be, in full force and effect and hereby ratify and approve in all respects its obligations thereunder, except that, upon the effectiveness of, and on and after the date of this Amendment, all references in each Loan Document to the "CREDIT AGREEMENT", "thereunder", "thereof" or words of like import referring to the Existing Credit Agreement shall mean the Amended Credit Agreement.

SECTION 4.5 INDEMNIFICATION. The Borrower shall pay, and hold the Administrative Agent, the Collateral Agent and each of the Lenders harmless from and against, any and all present and future stamp, documentary, and other similar taxes with respect to this Amendment and any other Loan Documents, any collateral described therein, or any payments due thereunder, and save the Administrative Agent and each Lender harmless from and against any and all liabilities with respect to or resulting from any delay or omission to pay such taxes. The indemnity provided herein shall survive repayment of the Loans.

SECTION 4.6 ENTIRE AGREEMENT. This Amendment constitutes the entire agreement among the parties hereto and thereto regarding the subject matters hereof and thereof and supersedes all prior agreements and understandings, oral or written, regarding such subject matters.

SECTION 4.7 COUNTERPARTS, ETC. This Amendment may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. The parties may execute facsimile copies of this Amendment and the facsimile signature of any such party shall be deemed an original and fully binding on said party; provided, any party executing this Amendment by facsimile signature agrees to promptly provide five (5) original executed copies of this Amendment to Administrative Agent.

SECTION 4.8 GOVERNING LAW; ETC. This Amendment shall be governed by and construed in accordance with the applicable terms and provisions of
Section 10.5 - Governing Law; Jurisdiction; Consent to Service of Process of "ARTICLE X - MISCELLANEOUS" of the Existing Credit Agreement, which terms and provisions are incorporated herein by reference.

SECTION 4.9 NO OTHER MODIFICATIONS. Except as hereby amended, no other term, condition or provision of the Existing Credit Agreement shall be deemed modified or amended, and this Amendment shall not be considered a novation.

SECTION 4.10 SUCCESSORS AND ASSIGNS. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

[Signatures follow on next page]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed [under seal in the case of the Borrower] by their respective duly authorized officers as of the day and year first above written.

SYKES ENTERPRISES, INCORPORATED

By: /s/ W. Michael Kipphut

Name: W. Michael Kipphut
Title: Group Executive and
Senior Vice President-Finance

[SEAL]

SUNTRUST BANK, AS ADMINISTRATIVE AGENT, AS COLLATERAL AGENT, AS SWINGLINE LENDER AND AS A LENDER

By: /s/ Karen Copeland
--
Name: Karen Copeland

Title: Vice President

Revolving Commitment: $16,666,666 Swingline Commitment: $10,000,000

WACHOVIA BANK, NATIONAL ASSOCIATION, AS A LENDER

By: /s/ Steven L. Hipsman

Name: Steven L. Hipsman

Title: Director

Revolving Commitment: $13,333,333

BNP PARIBAS, AS A LENDER

By: /s/ Craig Pierce
--
Name: Craig Pierce

Title: Associate

By: /s/ Angela Arnold
--
Name: Angela Arnold

Title: Vice President

Revolving Commitment: $10,000,000

Accepted and Agreed to as of the Amendment No. 2 Effective Date:

SYKES GLOBAL HOLDINGS, LLC
SYKES LP HOLDINGS, LLC
SYKES FINANCIAL SERVICES, INC.

By: /s/ W. Michael Kipphut
Name: W. Michael Kipphut
Title: Senior Vice President and Chief Financial Officer

SYKES REALTY, INC.

By: /s/ W. Michael Kipphut
Name: W. Michael Kipphut
Title: Vice President and Chief Financial Officer

SYKES ENTERPRISES-SOUTH AFRICA, INC.

By: /s/ W. Michael Kipphut
Name: W. Michael Kipphut
Title: President

EXHIBIT 15

July 28, 2003

Board of Directors
Sykes Enterprises, Incorporated
400 N. Ashley Drive
Tampa, FL 33602

We have made a review, in accordance with standards established by the American Institute of Certified Public Accountants, of the unaudited interim condensed consolidated financial information of Sykes Enterprises, Incorporated and subsidiaries for the periods ended June 30, 2003 and 2002, as indicated in our report dated July 28, 2003; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended June 30, 2003, is incorporated by reference in Registration Statement Nos. 333-23681, 333-76629, 333-88359, and 333-73260 on Forms S-8.

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statements prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

/s/ Deloitte & Touche LLP

Tampa, Florida

Exhibit 31.1

CERTIFICATION

I, John H. Sykes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sykes Enterprises, Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2003

/s/ John H. Sykes

John H. Sykes, Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, W. Michael Kipphut, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sykes Enterprises, Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2003

/s/ W. Michael Kipphut
W. Michael Kipphut, Group Executive, Senior Vice President - Finance

EXHIBIT 32.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350**

In connection with the Quarterly Report of Sykes Enterprises, Incorporated (the "Company") on Form 10-Q for the period ending June 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John H. Sykes, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

```
Date: August 11, 2003           By:  /s/ John H. Sykes
                                ------------------------------------------------
                                John H. Sykes
                                Chairman and Chief Executive Officer
```

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Sykes Enterprises, Incorporated (the "Company") on Form 10-Q for the period ending June 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, W. Michael Kipphut, Group Executive, Senior Vice President - Finance of the Company, certify, pursuant to 18 U.S.C. Section 1350, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

```
Date: August 11, 2003           By:  /s/ W. Michael Kipphut
                                ------------------------------------------------
                                W. Michael Kipphut
                                Group Executive, Senior Vice President - Finance
                                (Principal Financial and Accounting Officer)
```

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.