

SYKES ENTERPRISES INC

FORM 10-Q (Quarterly Report)

Filed 08/14/01 for the Period Ending 06/30/01

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 8/14/2001 For Period Ending 6/30/2001

Address	100 NORTH TAMPA ST STE 3900 TAMPA, Florida 33602
Telephone	813-274-1000
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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended June 30, 2001.

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.)

100 North Tampa Street, Suite 3900, Tampa, FL 33602

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 No

**APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDING DURING THE PRECEDING FIVE YEARS:**

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

As of August 8, 2001, there were 40,179,879 shares of common stock outstanding.

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PART I

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, 2001	DECEMBER 31, 2000
	-----	-----
		Restated (See Note 1)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 41,883	\$ 30,141
Receivables	97,394	135,609
Prepaid expenses and other current assets	18,036	17,679
	-----	-----
Total current assets	157,313	183,429
Property and equipment, net	150,956	151,842
Intangible assets, net	7,986	8,861
Deferred charges and other assets	15,406	13,822
	-----	-----
	\$ 331,661	\$ 357,954
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Current installments of long-term debt	\$ 37	\$ 100
Accounts payable	17,522	34,636
Income taxes payable	1,179	5,502
Accrued employee compensation and benefits	30,134	32,746
Other accrued expenses and current liabilities	15,048	17,481
	-----	-----
Total current liabilities	63,920	90,465
Long-term debt	--	8,759
Deferred grants	41,129	31,758
Deferred revenue	28,441	31,072
Other long-term liabilities	71	8
	-----	-----
Total liabilities	133,561	162,062
	-----	-----
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; 43,154 and 43,084 issued	431	431
Additional paid-in capital	159,992	159,696
Retained earnings	98,480	90,430
Accumulated other comprehensive income (loss)	(20,220)	(14,082)
	-----	-----
Treasury stock at cost; 2,981 shares	238,683	236,475
	(40,583)	(40,583)
	-----	-----
Total shareholders' equity	198,100	195,892
	-----	-----
	\$ 331,661	\$ 357,954
	=====	=====

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, 2001 AND JUNE 30, 2000
(Unaudited)

	(IN THOUSANDS, EXCEPT FOR PER SHARE DATA)			
	THREE MONTHS ENDED JUNE 30, 2001	THREE MONTHS ENDED JUNE 30, 2000	SIX MONTHS ENDED JUNE 30, 2001	SIX MONTHS ENDED JUNE 30, 2000
	-----	-----	-----	-----
Revenues	\$ 123,252	\$ 155,798	\$ 263,673	\$ 318,508 Restated (See Note 1)
Operating expenses:				
Direct salaries and related costs	78,413	98,422	167,125	200,293
General and administrative	40,193	47,787	83,440	94,701
Compensation expense associated with exercise of options	--	7,836	--	7,836
Restructuring and other charges	--	9,640	--	9,640
Total operating expenses	118,606	163,685	250,565	312,470
	-----	-----	-----	-----
Income (loss) from operations	4,646	(7,887)	13,108	6,038
	-----	-----	-----	-----
Other income (expense):				
Interest, net	111	(1,093)	132	(2,328)
Gain on sale of equity interest in SHPS	--	84,036	--	84,036
Other	47	133	(334)	131
Total other income (expense)	158	83,076	(202)	81,839
	-----	-----	-----	-----
Income before provision for income taxes and cumulative effect of change in accounting principle	4,804	75,189	12,906	87,877
Provision for income taxes	1,777	21,693	4,856	26,616
	-----	-----	-----	-----
Income before cumulative effect of change in accounting principle	3,027	53,496	8,050	61,261
Cumulative effect of change in accounting principle, net of income taxes of \$580	--	--	--	(919)
	-----	-----	-----	-----
Net income	\$ 3,027	\$ 53,496	\$ 8,050	\$ 60,342
	=====	=====	=====	=====
Net income per basic share:				
Income before cumulative effect of change in accounting principle	\$ 0.08	\$ 1.27	\$ 0.20	\$ 1.45
Cumulative effect of change in accounting principle	--	--	--	(0.02)
Net income per basic share	\$ 0.08	\$ 1.27	\$ 0.20	\$ 1.43
	=====	=====	=====	=====
Total weighted average basic shares	40,164	42,031	40,156	42,319
	=====	=====	=====	=====
Net income per diluted share:				
Income before cumulative effect of change in accounting principle	\$ 0.07	\$ 1.27	\$ 0.20	\$ 1.44
Cumulative effect of change in accounting principle	--	--	--	(0.02)
Net income per diluted share	\$ 0.07	\$ 1.27	\$ 0.20	\$ 1.42
	=====	=====	=====	=====
Total weighted average diluted shares	40,463	42,098	40,370	42,522
	=====	=====	=====	=====

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, 2000, SIX MONTHS ENDED DECEMBER 31, 2000 AND
SIX MONTHS ENDED JUNE 30, 2001
(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, 2000 (restated)	42,734	\$ 427	\$ 155,023	\$ 43,643	\$ (5,860)	\$ --	\$ 193,233
Issuance of common stock	302	3	2,853	--	--	--	2,856
Purchase of treasury stock	--	--	--	--	--	(16,199)	(16,199)
Net income for the six months ended June 30, 2000 (restated)	--	--	--	60,342	--	--	60,342
Foreign currency translation adjustment	--	--	--	--	(7,895)	--	(7,895)
Comprehensive income (restated)							52,447
Balance at June 30, 2000 (restated)	43,036	430	157,876	103,985	(13,755)	(16,199)	232,337
Issuance of common stock	48	1	355	--	--	--	356
Purchase of treasury stock	--	--	--	--	--	(24,384)	(24,384)
Tax-effect of non-qualified exercise of stock options	--	--	1,465	--	--	--	1,465
Net loss for the six months ended December 31, 2000	--	--	--	(13,555)	--	--	(13,555)
Foreign currency translation adjustment	--	--	--	--	(327)	--	(327)
Comprehensive loss							(13,882)
Balance at December 31, 2000 (restated)	43,084	431	159,696	90,430	(14,082)	(40,583)	195,892
Issuance of common stock	70	--	296	--	--	--	296
Net income for the six months ended June 30, 2001	--	--	--	8,050	--	--	8,050
Foreign currency translation adjustment	--	--	--	--	(6,138)	--	(6,138)
Comprehensive income							1,912
Balance at June 30, 2001	43,154	\$ 431	\$ 159,992	\$ 98,480	\$ (20,220)	\$ (40,583)	\$ 198,100

See accompanying notes to condensed consolidated financial statements.

SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2001 AND JUNE 30, 2000
(Unaudited)

(in thousands)

	2001	2000
	-----	-----
		Restated (See Note 1)
Cash flows from operating activities:		
Net income	\$ 8,050	\$ 60,342
Depreciation and amortization	18,285	19,327
Cumulative effect of accounting change, net of tax	--	919
Gain on sale of equity interest in SHPS	--	(84,036)
Deferred income tax (benefit) provision	(525)	125
Loss on disposal of property and equipment	271	--
Changes in assets and liabilities:		
Receivables	31,844	(19,819)
Prepaid expenses and other current assets	(724)	(2,902)
Deferred charges and other assets	(374)	(200)
Accounts payable	(14,886)	(5,724)
Income taxes payable	(1,034)	20,727
Accrued employee compensation and benefits	(1,534)	6,857
Customer deposits, net of restricted cash	--	2,653
Other accrued expenses and current liabilities	(2,820)	9,430
Deferred revenue	(2,384)	23,605
Other long-term liabilities	(751)	(1,385)
	-----	-----
Net cash provided by operating activities	33,418	29,919
	-----	-----
Cash flows from investing activities:		
Capital expenditures	(19,925)	(34,055)
Proceeds from sale of property and equipment	19	--
Proceeds from sale of equity interest in SHPS	--	159,776
	-----	-----
Net cash provided by (used for) investing activities	(19,906)	125,721
	-----	-----
Cash flows from financing activities:		
Paydowns under revolving line of credit agreements	(13,347)	(140,500)
Borrowings under revolving line of credit agreements	13,336	68,236
Payments of long-term debt	(8,352)	(1,088)
Borrowings under long-term debt	--	387
Proceeds from issuance of stock	296	2,856
Purchase of treasury stock	--	(16,199)
Proceeds from grants	9,071	4,020
	-----	-----
Net cash provided by (used for) financing activities	1,004	(82,288)
	-----	-----
Effect of exchange rates on cash	(2,774)	(7,895)
	-----	-----
Net increase in cash and cash equivalents	11,742	65,457
Cash and cash equivalents - beginning	30,141	31,001
	-----	-----
Cash and cash equivalents - ending	\$ 41,883	\$ 96,458
	=====	=====
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest	\$ 584	\$ 2,127
Income Taxes	\$ 2,859	\$ 8,565

See accompanying notes to condensed consolidated financial statements.

SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2001 AND JUNE 30, 2000**

(Unaudited)

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

NOTE 1 - RESTATEMENT OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Accordingly, the Company reversed the portion of the cumulative effect of change in accounting principle related to the excess cash grants of \$1.2 million (net of income taxes of \$0.7 million), or \$0.03 per diluted share, previously recorded by the Company as of January 1, 2000. As a result, the accompanying condensed consolidated financial statements for the six months ended June 30, 2000 and the condensed consolidated balance sheet as of December 31, 2000 have been restated from the amounts previously reported.

SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2001 AND JUNE 30, 2000
(Unaudited)

NOTE 1 - RESTATEMENT OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

Condensed Consolidated Statement of Income: SIX MONTHS ENDED JUNE 30, 2000: In thousands (except per share amounts)	AS PREVIOUSLY REPORTED	AS RESTATED
	-----	-----
Revenues	\$ 318,508	\$ 318,508
Operating expenses	(312,470)	(312,470)
Income from operations	\$ 6,038	\$ 6,038
Income before cumulative effect of change in accounting principle	\$ 61,261	\$ 61,261
Cumulative effect of change in accounting principle	\$ (2,068)	\$ (919)
Net income	\$ 59,193	\$ 60,342
Net income per basic share	\$ 1.40	\$ 1.43
Net income per diluted share	\$ 1.39	\$ 1.42
 Condensed Consolidated Balance Sheet Data: AS OF DECEMBER 31, 2000: In thousands		
Deferred charges and other assets	\$ 13,212	\$ 13,822
Total assets	\$ 357,344	\$ 357,954
Deferred grants	\$ 30,143	\$ 31,758
Retained earnings	\$ 91,435	\$ 90,430
Shareholders' equity	\$ 196,897	\$ 195,892

NOTE 2 - BASIS OF PRESENTATION 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 only of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six months ended June 30, 2001 are not necessarily indicative of the results that may be expected for any future quarters or the year ending December 31, 2001. For further information, refer to the restated consolidated financial statements and notes thereto, included in the Company's Form 10-K/A for the year ended December 31, 2000 as filed with the SEC.

SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2001 AND JUNE 30, 2000
(Unaudited)

NOTE 2 - BASIS OF PRESENTATION AND RECENT ACCOUNTING PRONOUNCEMENTS (continued)

ACCOUNTING CHANGE FOR REVENUE RECOGNITION - During the fourth quarter of 2000, the Company adopted Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB 101"), which provides guidance on the recognition, presentation and disclosure of revenue in financial statements filed with the SEC. Based on criteria established by SAB 101, adopted retroactive to January 1, 2000, the Company modified its accounting treatment for the recognition of revenue as it related to contract services. Revenues, in certain limited situations, that were recognized as services were performed and as the related fees became collectible under agreements between the Company and its customers are deferred until either a final contract or purchase order has been fully executed.

The cumulative effect of the change on prior years resulted in a charge to income of \$0.9 million (net of income taxes of \$0.6 million), or \$0.02 per diluted share, which has been deducted in the determination of net income for the six months ended June 30, 2000. The effect of this change for the six months ended June 30, 2000 was to increase income before cumulative effect of the change in accounting principle by \$0.9 million or \$0.02 per diluted share.

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

DEFERRED GRANTS - Recognition of income associated with grants of land and the acquisition of property, buildings and equipment is deferred until after the completion and occupancy of the building and title has passed to the Company and the funds have been released from escrow. The deferred amounts for both land and building are amortized and recognized as a reduction of depreciation expense included within general and administrative costs over the corresponding useful lives of the related assets. Any excess amounts over the cost of the building are allocated to the cost of equipment and, only after the grants are released from escrow, recognized as a reduction of depreciation expense over the weighted average useful life of the related equipment, which approximates five years. Amortization of the deferred grants that is included in income for the three months ended June 30, 2001 and 2000 was \$0.1 million and \$0.5 million, respectively, and for the six months ended June 30, 2001 and 2000 was \$0.7 million and \$1.1 million, respectively.

RECENT ACCOUNTING PRONOUNCEMENTS - Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities", is effective for all fiscal years beginning after June 15, 2000. SFAS No. 133, as amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. Under SFAS No. 133, certain contracts that were not formerly considered derivatives may now meet the definition of a derivative. The Company adopted SFAS No. 133 effective January 1, 2001, and the adoption of SFAS No. 133 had no impact on the financial position, results of operations, or cash flows of the Company.

In September 2000, the Financial Accounting Standards Board issued SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities", which is effective for transfers after March 31, 2001. This statement is effective for disclosures about securitizations and collateral transactions and for recognition and reclassification of collateral for fiscal years ending after December 15, 2000. SFAS No. 140 replaces SFAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities". It revises the standards for accounting for securitizations and other transfers of financial assets and collateral and requires certain disclosures, but it carries over most of the provisions of SFAS No. 125 without reconsideration. The adoption of SFAS No. 140 had no impact on the financial position, results of operations, or cash flows of the Company.

SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2001 AND JUNE 30, 2000
(Unaudited)

NOTE 2 - BASIS OF PRESENTATION AND RECENT ACCOUNTING PRONOUNCEMENTS (continued)

In July 2001, the Financial Accounting Standards Board issued SFAS No. 141, "Business Combinations", and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. Use of the pooling-of-interests method will be prohibited. SFAS No. 142 changes the accounting for goodwill from an amortization method to an impairment-only approach. Thus, amortization of goodwill, including goodwill recorded in past business combinations, will cease upon adoption of SFAS No. 142, which is effective for the Company on January 1, 2002. The Company has not evaluated the effect, if any, that the adoption of SFAS No. 142 will have on the Company's consolidated financial statements.

NOTE 3 - CONTINGENCIES

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

The Company is also aware of a lawsuit filed by Kyrus that asserts functionality issues associated with software that Kyrus had licensed from the Company. At the time of the software license, the Company and Kyrus entered into an agreement which provided for a return of a portion of the convertible preferred stock transferred to the Company in consideration of the license in the event that revenues generated by Kyrus from the software did not reach agreed upon levels. In this lawsuit, Kyrus claims it incurred significant expenses due to the failure of the software to function properly and is entitled to reimbursement of these expenses. Kyrus also claims that revenues from the software did not meet the minimum levels agreed upon and that Kyrus is therefore entitled to a return of the convertible preferred stock having a fair value of \$4.5 million at the time Kyrus licensed the software from the Company. The Company has not recorded the convertible preferred stock subject to the contingency in the accompanying Condensed Consolidated Balance Sheets as of June 30, 2001 and December 31, 2000. Therefore, in the event the Company is required to return the preferred stock to Kyrus, the return will not impact the Company's financial position or results of operations. This litigation is currently pending in the Court of Common Pleas for Greenville County, South Carolina. The Company intends to vigorously defend this lawsuit.

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

The Company from time to time is involved in other 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 financial position or results of operations.

SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2001 AND JUNE 30, 2000
(Unaudited)

NOTE 3 - CONTINGENCIES (continued)

A lease agreement, relating to the Company's customer support center in Ireland, contains a cancellation clause which requires the Company, in the event of cancellation, to restore the facility to its original state at an estimated cost of \$285 thousand as of June 30, 2001 and pay a cancellation fee of \$378 thousand, which approximates the annual rental payments under the lease agreement. In addition, under certain circumstances (including cancellation of the lease and cessation of the support center's operations in the facility), the Company is contingently liable until June 16, 2005 to repay any proceeds received in association with the facility's grant agreement. As of June 30, 2001, the grant proceeds subject to repayment totaled \$1.2 million. As of June 30, 2001, the Company had no plans to cancel this lease agreement.

NOTE 4 - ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Sykes 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 \$1.2 million and \$50.8 million for the three months ended June 30, 2001 and 2000, respectively, and \$1.9 million and \$52.5 million for the six months ended June 30, 2001 and 2000, respectively.

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

NOTE 5 - RESTRUCTURING AND OTHER CHARGES

The Company recorded restructuring and other charges during the second and fourth quarters of 2000 totaling \$30.5 million. Related to the second quarter restructuring and other charges totaling \$9.6 million, the Company consolidated several European and one U.S. distribution and fulfillment center and closed or consolidated six professional services offices. Included in the second quarter 2000 restructuring and other charges is a \$3.5 million lease termination payment related to the corporate aircraft. As a result of the second quarter 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 and distribution 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 restructuring, the Company reduced the number of employees by 245 during the first half of 2001 and expects the remaining lease obligations related to the closed facilities to be completed by December 2001.

SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2001 AND JUNE 30, 2000
(Unaudited)

NOTE 5 - RESTRUCTURING AND OTHER CHARGES (continued)

The major components of restructuring and other charges established during the second and fourth quarters of 2000 are as follows (in thousands):

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

A summary of the restructuring and other charges activity for the three and six months ended June 30, 2001 (none for the comparable period in 2000), is as follows (in thousands):

	Restructuring	Other	Total
	-----	-----	-----
Three months ended June 30, 2001:			
Balance remaining as of April 1, 2001	\$ 2,070	\$ 2,239	\$ 4,309
Reduction in workforce cash outflows	(220)	(550)	(770)
Lease termination cash payments	(110)	--	(110)
Other cash outflows	(822)	--	(822)
	-----	-----	-----
Balance remaining at June 30, 2001	\$ 918	\$ 1,689	\$ 2,607
	=====	=====	=====
Six months ended June 30, 2001:			
Balance remaining as of January 1, 2001	\$ 2,708	\$ 2,360	\$ 5,068
Reduction in workforce cash outflows	(548)	(671)	(1,219)
Lease termination cash payments	(311)	--	(311)
Other cash outflows	(931)	--	(931)
	-----	-----	-----
Balance remaining at June 30, 2001	\$ 918	\$ 1,689	\$ 2,607
	=====	=====	=====

NOTE 6 - LONG TERM DEBT

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

	June 30, 2001	Dec. 31, 2000
	-----	-----
Syndicated credit facility, \$100.0 million maximum, due February 2003, interest payable quarterly, the facility is guaranteed by a pledge of 66% of common stock of certain subsidiaries	\$ --	\$ --
Syndicated multi-currency credit facility, \$15.0 million maximum, due February 2002, interest payable in accordance with the terms of the individual promissory notes outstanding; the facility is guaranteed by a pledge of 66% of common stock of certain subsidiaries	--	8,759
Notes payable and capital leases, principal and interest payable in monthly installments through June 2002, interest at varying rates up to prime plus 1 percent, collateralized by certain equipment	37	100
	-----	-----
Total debt	37	8,859
Less current portion	37	100
	-----	-----
Long-term debt	\$ --	\$ 8,759
	=====	=====

Principal maturities of total debt as of June 30, 2001 are as follows (in thousands):

YEAR	Total Amount
2001.....	\$ 37
	\$ 37
	=====

SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2001 AND JUNE 30, 2000
(Unaudited)

NOTE 6 - LONG TERM DEBT (continued)

On June 22, 2001, the Company amended and restated its existing syndicated credit facility with a syndicate of lenders (the "Amended Credit Facility"). Pursuant to the terms of the Amended Credit Facility, the amount of the Company's revolving credit facility is \$100.0 million (previously \$150.0 million). The \$100.0 million Amended Credit Facility includes a \$10.0 million swingline loan to be used for working capital purposes. In addition, the Company amended and restated its \$15.0 million multi-currency credit facility ("Multi-Currency Facility") that provides for multi-currency lending. Borrowings under the Amended Credit Facility bear interest, at the Company's option, at (a) the lender's base rate plus an applicable margin of up to 0.50% or (b) a Euro rate plus an applicable margin of up to 2.25%. Borrowings under the \$10.0 million swingline loan bear interest, at the Company's option, at (a) the lender's base rate plus an applicable margin of up to 0.25% or (b) a Quoted Rate for swingline loans. Borrowings under the \$15.0 million Multi-Currency Facility bear interest, at the Company's option, at (a) the lender's base rate plus an applicable margin of up to 0.50% or (b) a quoted Euro rate for swingline loans. The Company paid aggregate financing fees of approximately \$0.3 million, which have been deferred and are being amortized over the term of the Amended Credit Facility and Multi-Currency Facility. In addition, a commitment fee up to 0.40% will be charged on the unused portion of the Amended Credit Facility on a quarterly basis. The Amended Credit Facility matures on February 28, 2003, and the Multi-Currency Facility matures on February 28, 2002. Borrowings under the Amended Credit Facility are guaranteed by certain of the Company's subsidiaries as evidenced by a pledge of 66% of the respective subsidiary's common stock. Under the terms of the Amended Credit Facility and Multi-Currency Facility, the Company is required to maintain certain financial ratios and other financial and non-financial conditions. The Amended Credit Facility and Multi-Currency Facility prohibit, without the consent of the syndicated lenders, the Company from incurring additional indebtedness, limits certain investments, advances or loans and restricts substantial asset sales, acquisitions, capital expenditures, stock repurchases and cash dividends. At June 30, 2001, the Company was in compliance with all loan requirements.

NOTE 7 - INCOME TAXES

The Company's effective tax rate was 37.6% and 30.3% for the six months ended June 30, 2001 and 2000, respectively. The effective tax rate differs from the statutory federal income tax rate primarily due to the effects of foreign, state and local income taxes, foreign income not subject to federal and state income taxes, non-deductible intangibles and other permanent differences.

NOTE 8 - EARNINGS PER SHARE

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

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

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2001	JUNE 30, 2000	JUNE 30, 2001	JUNE 30, 2000
	-----	-----	-----	-----
Basic:				
Weighted average common shares outstanding	40,164	42,031	40,156	42,319
Diluted:				
Dilutive effect of stock options	299	67	214	203
Total weighted average diluted shares outstanding	40,463	42,098	40,370	42,522
	=====	=====	=====	=====

SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2001 AND JUNE 30, 2000
(Unaudited)

NOTE 9 - STOCK OPTIONS

The Company's 2001 Equity Incentive Plan (the "2001 Plan") was adopted by the Company's Board of Directors on March 15, 2001 and approved by the Company's shareholders on April 26, 2001. The 2001 Plan permits the granting of options, stock appreciation rights and other stock-based awards to purchase up to 7.0 million shares of the Company's common stock to eligible employees and certain non-employees, who provide services to the Company, at not less than the fair value at the time the options, stock appreciation rights and other stock-based awards are granted. The term of the options, stock appreciation rights and other stock-based awards granted under the 2001 Plan cannot exceed a period of ten years from the date of grant. No stock appreciation rights or other stock-based awards granted under the 2001 Plan are outstanding as of June 30, 2001.

Upon adoption of the 2001 Plan, the Company terminated the 1996 Employee Stock Option Plan, the 1997 Management Incentive Stock Option Plan and the 2000 Stock Option Plan and the related options available for future grant under these plans of approximately 0.7 million shares, 2.4 million shares and 2.9 million shares, respectively. The options previously granted under these plans are not affected and continue to be governed by their respective plans.

Transactions related to options granted under the 2001 Plan are summarized as follows:

	Shares (in thousands)	Weighted Average Exercise Price
Outstanding at January 1, 2001	--	\$ --
Granted	55	\$ 8.94
Exercised	--	\$ --
Expired or terminated	--	\$ --

Outstanding at June 30, 2001	55	\$ 8.94
	=====	
Exercisable: None		
Options available for future grant	6,945	
	=====	

The following table further summarizes information about the 2001 Plan at June 30, 2001:

Range Of Exercise Prices	Number Outstanding At June 30, 2001	Weighted Average Remaining Life	Weighted Average Exercise Price	Number Exercisable At June 30, 2001	Weighted Average Exercise Price
-----	-----	-----	-----	-----	-----
	(in thousands)			(in thousands)	
\$ 5.75	10	9.8	\$ 5.75	--	\$ --
\$ 5.98	5	9.9	\$ 5.98	--	\$ --
\$10.11	40	9.1	\$ 10.11	--	\$ --
	-----			-----	
Total	55	9.1	\$ 8.94	--	\$ --
	=====			=====	

SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2001 AND JUNE 30, 2000
(Unaudited)

NOTE 10 - SEGMENT REPORTING AND MAJOR CLIENT

The Company has two reportable segments entitled Business Services and Business Solutions. The Business Services group is comprised of the Company's technical and customer support and distribution and fulfillment businesses. The Business Solutions group provides professional services in e-commerce, including IT staffing, and customer relationship management (CRM) with a focus on business strategy development, project management, business process redesign, change management, knowledge management, education, training and web development. There has been no change in the basis of the Company's segmentation or in the measurement of segment profit as compared with the Annual Report on Form 10-K/A for the year ended December 31, 2000.

Business Services' revenue includes \$12.9 million or 10.5% of consolidated revenues and \$27.1 million or 10.3% of consolidated revenues for the three and six months ended June 30, 2001, respectively, from a major provider of communications services. This compared to \$4.8 million or 3.1% of consolidated revenues and \$5.0 million or 1.6% of consolidated revenues for the three and six months ended June 30, 2000, respectively.

SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2001 AND JUNE 30, 2000
(Unaudited)

NOTE 10 - SEGMENT REPORTING AND MAJOR CLIENT (continued)

Information about the Company's reportable segments for the three months and six months ended June 30, 2001 compared to the corresponding prior year periods is as follows (in thousands):

Three Months Ended June 30, 2001:	Business Services -----	Business Solutions -----	Other -----	Consolidated Total -----
Revenue	\$ 113,380	\$ 9,872	\$ --	\$ 123,252
Depreciation and amortization.....	9,259	102	--	9,361
Income (loss) from operations.....	\$ 4,874	\$ (228)	\$ --	\$ 4,646
Other income (expense).....			158	158
Provision for income taxes.....			(1,777)	(1,777)
Net income.....				\$ 3,027 =====
Three Months Ended June 30, 2000:				
Revenue	\$ 140,978(1)	\$ 14,820(2)	\$ --	\$ 155,798
Depreciation and amortization.....	9,716	228	--	9,944
Income from operations before compensation expense associated with exercise of options and restructuring and other charges.....	\$ 8,762(1)	\$ 827(2)	\$ --	\$ 9,589
Compensation expense associated with exercise of options.....			(7,836)	(7,836)
Restructuring and other charges.....			(9,640)	(9,640)
Other income (expense).....			83,076	83,076
Provision for income taxes.....			(21,693)	(21,693)
Net income.....				\$ 53,496 =====
Six Months Ended June 30, 2001:				
Revenue	\$ 243,773	\$ 19,900	\$ --	\$ 263,673
Depreciation and amortization.....	18,090	195	--	18,285
Income (loss) from operations.....	\$ 14,136	\$ (1,028)	\$ --	\$ 13,108
Other income (expense).....			(202)	(202)
Provision for income taxes.....			(4,856)	(4,856)
Net income.....				\$ 8,050 =====
Six Months Ended June 30, 2000 (restated):				
Revenue	\$ 290,353(1)	\$ 28,155(2)	\$ --	\$ 318,508
Depreciation and amortization.....	18,891	436	--	19,327
Income from operations before compensation expense associated with exercise of options and restructuring and other charges.....	\$ 22,157(1)	\$ 1,357(2)	\$ --	\$ 23,514
Compensation expense associated with exercise of options.....			(7,836)	(7,836)
Restructuring and other charges.....			(9,640)	(9,640)
Other income (expense).....			81,839	81,839
Provision for income taxes.....			(26,616)	(26,616)
Cumulative effect of change in accounting principle.....			(919)	(919)
Net income.....				\$ 60,342 =====

(1) For the three and six months ended June 30, 2000, Business Services' revenue includes \$25.1 million and \$51.7 million, respectively, from SHPS, Incorporated, a previously wholly owned subsidiary of the Company, which was sold in June 2000, and U.S. fulfillment and distribution, a business in which the Company exited in connection with the fourth quarter 2000 restructuring. The Company continues to operate its European fulfillment and distribution business. Additionally, income from operations includes \$0.6 million and \$0.8 million for the three and six months ended June 30, 2000, respectively, from SHPS and U.S. fulfillment and distribution.

(2) For the three and six months ended June 30, 2000, Business Solutions' revenue includes \$2.7 million and \$5.2 million, respectively, from the Company's localization operations, a business in which the Company exited in connection with the fourth quarter 2000 restructuring. Additionally, income from operations includes a loss of \$0.1 million and \$0.1 million for the three and six months ended June 30, 2000, respectively, from localization.

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, 2001, the related condensed consolidated statements of operations for the three- and six-month periods ended June 30, 2001, and of changes in shareholders' equity and cash flows for the six-month period ended June 30, 2001. These financial statements are the responsibility of the Company's management.

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

/s/ Deloitte & Touche LLP

Certified Public Accountants

Tampa, Florida

July 30, 2001

SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES

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

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 (the "Company") Annual Report on Form 10-K/A for the year ended December 31, 2000 filed with the Securities and Exchange Commission. Subsequent to the issuance of its consolidated financial statements for the year ended December 31, 2000, the Company revised its method of accounting for excess cash grants. As a result, the condensed consolidated statement of income for the six months ended June 30, 2000 and the condensed consolidated balance sheet as of December 31, 2000 have been restated from the amounts previously reported. The effects of the restatement are presented in Note 1 to the condensed consolidated financial statements and have been reflected herein.

Management's 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 the Company, management's beliefs, and assumptions made by management. In addition, other written or oral statements, which constitute forward-looking statements, may be made from time to time by or on behalf of Sykes. Words such as "may," "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," variations of such words, and similar expressions are intended to identify such forward-looking statements. Similarly, statements that describe the Company's future plans, objectives, or goals also are forward-looking statements. These statements are not guarantees of future performance and are subject to a number of risks and uncertainties, including those discussed below and elsewhere in this report. The Company's actual results may differ materially from what is expressed or forecasted in such forward-looking statements. All forward-looking statements are made as of the date hereof, and Sykes undertakes 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: the marketplace's continued receptivity to Sykes' terms and elements of services offered under Sykes' standardized contract for future bundled service offerings; Sykes' ability to continue the growth of its support service revenues through additional technical and customer support centers; Sykes' ability to leverage its customer relationship practice; Sykes' ability to further penetrate into vertically integrated markets; Sykes' ability to expand revenues within the global markets; Sykes' ability to continue to establish a competitive advantage through sophisticated technological capabilities; uncertainties relating to pending litigation; Sykes' dependence on key clients; Sykes' ability to attract and retain experienced personnel; potential difficulties in continuing to expand and manage growth; Sykes' ability to grow through selective acquisitions and mergers; rapid technological change; Sykes' reliance on technology and computer systems; Sykes' dependence on trend toward outsourcing; risk of emergency interruption of technical and customer support center operations; risks associated with international operations and expansion; existence of substantial competition; dependence on senior management; control by principal shareholder and anti-takeover considerations; volatility of stock price may result in loss of investment; and the risk factors listed from time to time in Sykes' registration statements and reports as filed with the Securities Exchange Commission.

RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 30, 2001 COMPARED TO THREE MONTHS ENDED JUNE 30, 2000

Revenues

For the three months ended June 30, 2001, the Company recorded consolidated revenues of \$123.3 million, a decrease of \$32.5 million or 20.9%, from \$155.8 million of consolidated revenues for the comparable period during 2000. Exclusive of SHPS, Incorporated ("SHPS"), in which 93.5% of the Company's ownership interest was sold on June 30, 2000, and exclusive of U.S. fulfillment and distribution and the Company's localization operations, from which the Company exited in connection with the fourth quarter 2000 restructuring, revenues decreased \$4.7 million or 3.7% for the three months ended June 30, 2001, from \$128.0 million for the comparable period during 2000. This decrease in revenue was the result of a \$2.5 million or 2.2% decrease in Business Services' revenues, exclusive of SHPS and U.S. fulfillment and distribution operations, and a decrease of \$2.2 million or 18.5% from Business Solutions' revenues, exclusive of the Company's localization operations.

SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS (continued)

Revenues (continued)

The decrease in Business Services' revenues for the three months ended June 30, 2001 was primarily attributable to a \$3.5 million one-time licensing fee recorded during the comparable period in 2000 and a decrease in the Company's European fulfillment and distribution services revenues. The decrease in European fulfillment and distribution services revenue for the three months ended June 30, 2001 was primarily attributable to a reduction in business from several customers, including a dot.com client, who was undergoing financial restructuring.

The decrease in Business Solutions' revenues for the three months ended June 30, 2001, was primarily due to competitive pricing pressures and a decline in the demand for professional services, including IT staffing, from clients who have been affected by the economic slowdown and have reacted by delaying IT projects.

Direct Salaries and Related Costs

Direct salaries and related costs decreased \$20.0 million or 20.3% to \$78.4 million for the three months ended June 30, 2001, from \$98.4 million in 2000. As a percentage of revenues (excluding the \$3.5 million one-time licensing fee in 2000), direct salaries and related costs decreased to 63.6% in 2001 from 64.6% for the comparable period in 2000. The decrease in the dollar amount of direct salaries and related costs was primarily attributable to a \$19.1 million decrease in direct salaries and related costs associated with SHPS, U.S. fulfillment and distribution and the Company's localization operations. As a percentage of revenues, direct salaries and related costs, exclusive of SHPS, U.S. fulfillment and distribution, the Company's localization operations and the \$3.5 million one-time licensing fee in 2000, remained relatively flat at 63.6% in 2001 and 63.7% for the comparable period in 2000.

General and Administrative

General and administrative expenses decreased \$7.6 million or 15.9% to \$40.2 million for the three months ended June 30, 2001, from \$47.8 million in 2000. As a percentage of revenues (excluding the \$3.5 million one-time licensing fee in 2000), general and administrative expenses increased to 32.6% in 2001 from 31.4% for the comparable period in 2000. The decrease in the dollar amount of general and administrative expenses was primarily attributable to an \$8.1 million decrease in general and administrative expenses associated with SHPS, U.S. fulfillment and distribution and the Company's localization operations. This decrease was offset by a \$0.5 million increase in legal and professional fees, a \$0.5 million increase in consulting fees and a \$1.2 million increase in depreciation and amortization associated with facility and capital equipment expenditures incurred in connection with both technology infrastructure and the expansion of the Company's technical and customer support centers. As a percentage of revenues, general and administrative expenses, exclusive of SHPS, U.S. fulfillment and distribution, the Company's localization operations and the \$3.5 million one-time licensing fee in 2000, increased to 32.6% in 2001 from 31.8% for the comparable period in 2000.

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

The Company recorded restructuring and other charges of \$9.6 million during the three months ended June 30, 2000. These charges were associated with (1) the consolidation of certain of the Company's distribution and fulfillment operations; (2) the consolidation of certain of the Company's professional services locations; (3) elimination of redundant property, leasehold improvements and equipment; and (4) lease termination costs associated with vacated properties and transportation equipment.

SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS (continued)

Other Income and Expense

Interest and other income was \$0.2 million for the three months ended June 30, 2001, compared to interest and other income of \$83.1 million for the comparable 2000 period, inclusive of the gain on sale of SHPS of \$84.0 million. The decrease in interest and other income was attributable to a decrease of \$1.2 million in interest expense associated with a decrease in the Company's average outstanding debt position. The Company's average debt balance for the second quarter of 2001 was \$0.1 million compared to \$89.2 million for the second quarter of 2000. The decrease in the average debt balance is principally due to the repayment of debt from the proceeds generated from the sale of SHPS, offset by capital expenditures and the Company's repurchase of approximately 3.0 million shares of its common stock during 2000 that are being held as treasury shares.

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

Provision for Income Taxes

The provision for income taxes decreased \$19.9 million to \$1.8 million for the three months ended June 30, 2001 from \$21.7 million for the comparable period in 2000. The decrease in the provision for income taxes was primarily attributable to the decrease in income for the three months ended June 30, 2001, as the comparable period in 2000 included the gain on sale of SHPS. The effective tax rate was 37.0% for the three months ended June 30, 2001 and 28.9% for the comparable 2000 period. The effective tax rate differs from the statutory federal income tax rate primarily due to the effects of foreign, state and local income taxes, foreign income not subject to federal and state income taxes, non-deductible intangibles and other permanent differences.

SIX MONTHS ENDED JUNE 30, 2001 COMPARED TO SIX MONTHS ENDED JUNE 30, 2000 (AS RESTATED)

Revenues

For the six months ended June 30, 2001, the Company recorded consolidated revenues of \$263.7 million, a decrease of \$54.8 million or 17.2%, from \$318.5 million of consolidated revenues for the comparable period during 2000. Exclusive of SHPS, in which 93.5% of the Company's ownership interest was sold on June 30, 2000, and exclusive of U.S. fulfillment and distribution and the Company's localization operations, from which the Company exited in connection with the fourth quarter 2000 restructuring, revenues increased \$1.4 million or 1.0% for the six months ended June 30, 2001 to \$263.0 million, from \$261.6 million for the comparable period during 2000. This increase in revenue was the result of a \$4.4 million or 1.8% increase in Business Services' revenues, exclusive of SHPS and U.S. fulfillment and distribution operations, offset by a decrease of \$3.1 million or 13.2% from Business Solutions' revenues, exclusive of the Company's localization operations.

The increase in Business Services' revenues for the six months ended June 30, 2001 was primarily attributable to an increase in new and expanded contracts for technical and customer support services, highlighted by a further diversification into the communications market, partially offset by a decrease in the Company's European fulfillment and distribution services revenues and a \$3.5 million one-time licensing fee recorded during the comparable period in 2000. The decrease in European fulfillment and distribution services revenue for the six months ended June 30, 2001 was primarily attributable to a reduction in business from several customers, including a dot.com client, who was undergoing financial restructuring.

The decrease in Business Solutions' revenues for the six months ended June 30, 2001, was primarily due to competitive pricing pressures and a decline in the demand for professional services, including IT staffing, from clients who have been affected by the economic slowdown and have reacted by delaying IT projects.

SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS (continued)

Direct Salaries and Related Costs

Direct salaries and related costs decreased \$33.2 million or 16.6% to \$167.1 million for the six months ended June 30, 2001, from \$200.3 million in 2000. As a percentage of revenues, (excluding the \$3.5 million one-time licensing fee in 2000) direct salaries and related costs decreased to 63.4% in 2001 from 63.6% for the comparable period in 2000. The decrease in the dollar amount of direct salaries and related costs was primarily attributable to a \$39.3 million decrease in direct salaries and related costs associated with SHPS, U.S. fulfillment and distribution and the Company's localization operations and a \$2.0 million decrease in direct material costs associated primarily with the European fulfillment and distribution services. This decrease was partially offset by a \$7.8 million increase in salaries and benefits due to higher direct labor and benefit costs to support additional technical and customer support centers and associated training costs, fluctuations in client forecasting as a result of market uncertainties and shifts in client mix. As a percentage of revenues, direct salaries and related costs, exclusive of SHPS, U.S. fulfillment and distribution, the Company's localization operations, and the \$3.5 million one-time licensing fee in 2000 increased to 63.4% in 2001 from 62.3% for the comparable period in 2000.

General and Administrative

General and administrative expenses decreased \$11.3 million or 11.9% to \$83.4 million for the six months ended June 30, 2001, from \$94.7 million in 2000. As a percentage of revenues (excluding the \$3.5 million one-time licensing fee in 2000), general and administrative expenses increased to 31.6% in 2001 from 30.1% for the comparable period in 2000. The decrease in the dollar amount of general and administrative expenses was primarily attributable to a \$16.3 million decrease in general and administrative expenses associated with SHPS, U.S. fulfillment and distribution and the Company's localization operations. This decrease was offset by a \$1.4 million increase in legal and professional fees, a \$1.0 million increase in consulting fees and a \$3.4 million increase in depreciation and amortization associated with facility and capital equipment expenditures incurred in connection with both technology infrastructure and the expansion of the Company's technical and customer support centers. As a percentage of revenues, general and administrative expenses, exclusive of SHPS, U.S. fulfillment and distribution, the Company's localization operations and the \$3.5 million one-time licensing fee in 2000, increased to 31.6% in 2001 from 30.2% for the comparable period in 2000.

Other Income and Expense

Interest and other expense was \$0.2 million during the six months ended June 30, 2001, compared to \$2.2 million during the comparable 2000 period, exclusive of the gain on sale of SHPS of \$84.0 million. This decrease was attributable to a decrease of \$2.5 million in interest expense associated with a decrease in the Company's average outstanding debt position. The Company's average debt balance for the first six months of 2001 was \$0.2 million compared to \$83.8 million for the first six months of 2000. The decrease in the average debt balance is principally due to the repayment of debt from the proceeds generated from the sale of SHPS, offset by capital expenditures and the Company's repurchase of approximately 3.0 million shares of its common stock during 2000 that are being held as treasury shares.

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

SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS (continued)

Provision for Income Taxes

The provision for income taxes decreased \$21.7 million to \$4.9 million for the six months ended June 30, 2001 from \$26.6 million for the comparable period in 2000. The decrease in the provision for income taxes was primarily attributable to the decrease in income for the six months ended June 30, 2001, as the comparable period in 2000 included the gain on sale of SHPS. The effective tax rate was 37.6% for the six months ended June 30, 2001 and 30.3% for the comparable 2000 period. The effective tax rate differs from the statutory federal income tax rate primarily due to the effects of foreign, state and local income taxes, foreign income not subject to federal and state income taxes, non-deductible intangibles and other permanent differences.

LIQUIDITY AND CAPITAL RESOURCES

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

In 2001, the Company generated \$33.4 million in cash from operating activities and \$9.1 million in cash from grant proceeds which were used to invest \$19.9 million in capital expenditures, pay down \$8.4 million in borrowings under the Company's credit facilities and increase available cash \$11.7 million.

Net cash flows provided by operating activities for the six months ended June 30, 2001 was \$33.4 million compared to \$29.9 million for the comparable period in 2000. The \$3.5 million increase in net cash flows provided by operating activities, or \$80.5 million decrease in net cash flows excluding the gain on sale of SHPS as of June 30, 2000, was a result of a decrease in net income of \$52.3 million, a net decrease in non-cash expenses of \$2.3 million, and a net decrease in assets and liabilities of \$25.9 million. This net decrease in assets and liabilities of \$25.9 million was principally due to a decrease in deferred revenue of \$26.0 million, primarily related to revenue for diagnostic software, a decrease in income taxes payable of \$21.8 million, primarily related to the taxes on the gain on sale of SHPS, a decrease of \$31.8 million in accounts payable and other accrued accounts offset by a decrease of \$51.7 million in receivables, primarily due to a decrease in revenues and increased collection efforts.

Capital expenditures, which are generally funded by cash generated from operating activities and borrowings available under its credit facilities, were \$19.9 million for the six months ended June 30, 2001 compared to \$34.1 million for the six months ended June 30, 2000. Capital expenditures for 2001 were \$14.2 million lower than the comparable period of 2000, or \$10.5 million lower excluding SHPS. In 2001, approximately 67% of the capital expenditures were the result of investing in new and existing technical and customer support centers and 23% was expended for systems infrastructure. In 2001, the Company anticipates capital expenditures in the range of \$40.0 million to \$45.0 million.

The primary sources of cash flows from financing activities are from borrowings under the Company's syndicated credit facility, as amended on June 22, 2001, with a syndicate of lenders (the "Amended Credit Facility"). Pursuant to the terms of the Amended Credit Facility, the amount of the Company's revolving credit facility is \$100.0 million. The \$100.0 million Amended Credit Facility includes a \$10.0 million swingline loan to be used for

**SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS**

LIQUIDITY AND CAPITAL RESOURCES (continued)

working capital purposes. In addition, the Company has a \$15.0 million multi-currency credit facility that provides for multi-currency lending. The Amended Credit Facility matures on February 28, 2003, and the multi-currency facility matures on February 28, 2002. At June 30, 2001, the Company had \$41.9 million in cash and cash equivalents and \$115.0 million of availability under its credit facilities.

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

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

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

At June 30, 2001, the Company had no debt outstanding at variable interest rates. Based on the Company's level of variable rate debt outstanding during the first six months of 2001, a one-point increase in the weighted average interest rate would increase the Company's annual interest expense by approximately \$2 thousand. (The variable interest rates are generally equal to the Eurodollar rate plus an applicable margin). The Company has not historically used derivative instruments to manage its exposure to changes in interest rates.

FLUCTUATIONS IN QUARTERLY RESULTS

For the year ended December 31, 2000, quarterly revenues as a percentage of total annual revenues were approximately 27%, 26%, 23% and 24%, respectively, for the first through fourth quarters of the year. The Company has experienced and anticipates that in the future it 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 e-commerce and e-business activities, non-U.S. currency fluctuations, and the seasonal pattern of technical and customer support, and fulfillment and distribution services.

SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES
FORM 10-Q
FOR THE QUARTER ENDED JUNE 30, 2001

PART II - OTHER INFORMATION.

ITEM 1 - LEGAL PROCEEDINGS.

Reference is made to Part I, Item 3 "Legal Proceedings" of the Registrant's Annual Report on Form 10-K/A for the year ended December 31, 2000. Since August 14, 2001, the Company has not been named as a defendant in any action, which, to the best of the Company's knowledge, could have a material adverse effect on the financial condition or results of operations of the Company other than the actions described below.

A. Class Action Litigation.

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

The Company is also aware of a lawsuit filed by Kyrus that asserts functionality issues associated with software that Kyrus had licensed from the Company. At the time of the software license, the Company and Kyrus entered into an agreement which provided for a return of a portion of the convertible preferred stock transferred to the Company in consideration of the license in the event that revenues generated by Kyrus from the software did not reach agreed upon levels. In this lawsuit, Kyrus claims it incurred significant expenses due to the failure of the software to function properly and is entitled to reimbursement of these expenses. Kyrus also claims that revenues from the software did not meet the minimum levels agreed upon and that Kyrus is therefore entitled to a return of the convertible preferred stock having a fair value of \$4.5 million at the time Kyrus licensed the software from the Company. The Company has not recorded the convertible preferred stock subject to the contingency in the accompanying Condensed Consolidated Balance Sheets as of June 30, 2001 and December 31, 2000. Therefore, in the event the Company is required to return the preferred stock to Kyrus, the return will not impact the Company's financial position or results of operations. This litigation is currently pending in the Court of Common Pleas for Greenville County, South Carolina. The Company intends to vigorously defend this lawsuit.

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

B. Other Litigation.

The Company from time to time is involved in other 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 financial position or results of operations.

SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES
FORM 10-Q
FOR THE QUARTER ENDED JUNE 30, 2001

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

None.

ITEM 5 - OTHER INFORMATION.

None.

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits

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

- 10.33 Amendment No. 1 to Amended and Restated Credit Agreement among Sykes Enterprises, Incorporated and Bank of America, N.A., dated June 22, 2001.
- 10.34 Credit Agreement among Sykes Enterprises, Incorporated and Bank of America, N.A. (formerly Nationsbank, N.A.), dated February 17, 1998, as amended February 27, 1998, January 18, 2000, May 2, 2000 and June 22, 2001.
- 10.35 Employment Separation Agreement dated July 5, 2001 between James E. Lamar and Sykes Enterprises, Incorporated.
- 15 Letter regarding unaudited interim financial information.

(b) Reports on Form 8-K

None.

SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES
FORM 10-Q
FOR THE QUARTER ENDED JUNE 30, 2001

SIGNATURES

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 14, 2001

By: /s/ W. Michael Kipphut

W. Michael Kipphut

Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES
FORM 10-Q
FOR THE QUARTER ENDED JUNE 30, 2001

EXHIBIT INDEX

Exhibit
Number

- | | |
|-------|--|
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EXHIBIT 10.33

AMENDMENT NO. 1 TO AMENDED AND RESTATED CREDIT AGREEMENT

THIS AMENDMENT NO. 1 TO AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment"), dated as of June 22, 2001, is by and among SYKES ENTERPRISES, INCORPORATED, a Florida corporation (the "Borrower"), certain Subsidiaries of the Borrower, as Guarantors (the "Guarantors"), the various lending institutions parties hereto and BANK OF AMERICA, N.A., a national banking association, as agent for the Lenders (in such capacity, the "Agent").

WITNESSETH:

WHEREAS, the Borrower, the Guarantors, the various lending institutions parties hereto and the Agent are parties to that certain Amended and Restated Credit Agreement, dated as of May 2, 2000, (the "Existing Credit Agreement"); and

WHEREAS, the Borrower, the Guarantors, the Required Lenders (as defined in the Existing Credit Agreement) and the Agent have agreed to amend the Existing Credit Agreement as set forth herein.

NOW, THEREFORE, in consideration of the agreements herein contained, the parties hereby agree as follows:

I

DEFINITIONS

SECTION 1.1. Certain Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Amendment, including its preamble and recitals, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"Amended Credit Agreement" means the Existing Credit Agreement as amended hereby.

"Amendment No. 1 Effective Date" is defined in Section 3.1.

SECTION 1.2. Other Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Amendment, including its preamble and recitals, have the meanings provided in the Amended Credit Agreement.

II

AMENDMENTS TO EXISTING CREDIT AGREEMENT

Effective as of the Amendment No. 1 Effective Date, the Existing Credit Agreement is hereby amended in accordance with these Sections 2.1 through 2.5. Except as so amended, the Existing Credit Agreement, the Notes and the other Credit Documents shall continue in full force and effect.

SECTION 2.1. Amendments to Section 1.

(a) Section 1.1 of the Existing Credit Agreement is hereby amended by inserting, in the alphabetically appropriate place, the following definition:

"Amendment No. 1" means Amendment No. 1 to Credit Agreement, dated as of June 22, 2001, among the Borrower, the Guarantors, the Required Lenders and the Agent, amending this Credit Agreement as then in effect.

(b) Section 1.1 of the Existing Credit Agreement is hereby amended by amending in their entirety the definitions for "Aggregate Revolving Committed Amount" and "Applicable Percentage" to read as follows:

"Aggregate Revolving Committed Amount" means the aggregate amount of Revolving Commitments in effect from time to time, being currently ONE HUNDRED MILLION DOLLARS (\$100,000,000).

"Applicable Percentage" means for any day, the rate per annum set forth below opposite the applicable Consolidated Leverage Ratio then in effect, it being understood that the Applicable Percentage for (i) Base Rate Loans shall be the percentage set forth under the column "Base Rate Margin", (ii) Eurocurrency Loans and the Letter of Credit Fee shall be the percentage set forth under the column "Eurocurrency Margin and Letter of Credit Fee" and (iii) the Commitment Fee shall be the percentage set forth under the column "Commitment Fee".

Pricing Level	Consolidated Leverage Ratio	Base Rate Margin	Eurocurrency Margin and Letter of Credit Fee	Commitment Fee
I	> 1.75	0.50%	2.25%	0.40 %
II	> 1.25 but <= 1.75	0.25%	2.00%	0.375%
III	> 0.75 but <= 1.25	0%	1.75%	0.35 %
IV	> 0.25 but <= 0.75	0%	1.50%	0.325%
V	<= 0.25	0%	1.25%	0.30 %

The Applicable Percentage shall be determined and adjusted quarterly on the date five (5) Business Days after the date by which the annual and quarterly compliance certificates and related financial statements and information are required in accordance with the provisions of Sections 7.1(a) and (b) and

Section 7.2(b), as appropriate (each date of a rate change as described in the sentence hereafter referred to as a "Rate Determination Date"); provided that (i) the current Applicable Percentages shall be based on Pricing Level V, shall be effective on the Amendment No. 1 Effective Date and shall be adjusted as shown above based on the Consolidated Leverage Ratio; and (ii) in the event an annual or quarterly compliance certificate and the related financial statements and information are not delivered timely by the date required by the provisions of Sections 7.1(a) and (b) and Section 7.2(b), as appropriate, the Applicable Percentages shall be based on Pricing Level I until such time as an appropriate compliance certificate and the related financial statements and information are delivered, whereupon the applicable Pricing Level shall be adjusted based on the information contained in such compliance certificate and related financial statements and information. The Applicable Percentage shall be effective from a Rate Determination Date until the next such Rate Determination Date. The Agent shall determine the appropriate Applicable Percentages in the pricing matrix that is based on the Consolidated Leverage Ratio promptly upon receipt of the quarterly or annual compliance certificate and related financial information and shall promptly notify the Borrower and the Lenders of any change thereof. Such determinations by the Agent shall be conclusive absent manifest error. Adjustments in the Applicable Percentages shall be effective as to existing Extensions of Credit as well as new Extensions of Credit made thereafter.

SECTION 2.2. Amendment to Sections 7.9(b) and 7.9(c). Sections 7.9(b) and 7.9(c) of the Existing Credit Agreement are hereby amended in their entirety to read as follows:

(b) Consolidated Leverage Ratio. There shall be maintained, as of the end of each fiscal quarter (commencing with the fiscal quarter ending June 30, 2001), a Consolidated Leverage Ratio of not greater than 2.50 to 1.0.

(c) Consolidated Fixed Charge Coverage Ratio. There shall be maintained, as of the last day of each fiscal quarter, a Consolidated Fixed Charge Coverage Ratio of no less than the ratio shown below opposite the applicable period corresponding thereto:

Period -----	Ratio -----
Through June 30, 2001	1.40 to 1.00
July 1, 2001 through September 30, 2001	1.70 to 1.00
October 1, 2001 through December 31, 2001	2.00 to 1.00
January 1, 2002 and thereafter	2.20 to 1.00

SECTION 2.3. Amendment to Sections 8.3(d) and 8.3(e). Sections 8.3(d) and 8.3(e) of the Existing Credit Agreement are hereby amended in their entirety to read as follows:

(d) Acquire all or any portion of the capital stock or securities of any other Person or purchase, lease or otherwise acquire (in a single transaction or a series of related transactions) all or any substantial part of the Property of any other Person, unless (i) the aggregate cash cost of any such individual acquisition (which includes assumed Indebtedness) in any fiscal year shall not exceed \$25,000,000; and (ii) the aggregate cash cost of all such acquisitions (which shall include assumed Indebtedness) shall not in any fiscal year exceed \$50,000,000; provided, however, the foregoing restrictions shall only be applicable to a particular transaction if, after giving effect to such transaction, Consolidated Funded Debt exceeds cash and Cash Equivalents of the Consolidated Group;

(e) Make Capital Expenditures in any fiscal year in excess of 25% of revenues for the prior fiscal year; provided, however, the foregoing restriction shall only be applicable to a particular transaction if, after giving effect to such transaction, Consolidated Funded Debt exceeds cash and Cash Equivalents of the Consolidated Group.

SECTION 2.4. Amendment to Section 8.7. Section 8.7 of the Existing Credit Agreement is hereby amended in its entirety to read as follows:

8.7 RESTRICTED PAYMENTS.

Make or permit any Restricted Payments if such Restricted Payment would (i) cause the Borrower to be in violation of any of the financial covenants set forth in Section 7.9 or (ii) in any fiscal year, cause the aggregate amount of all Restricted Payments in such fiscal year to exceed five percent (5%) of Consolidated Net Worth as of the end of the preceding fiscal year.

SECTION 2.5. Amendment to Schedules. Effective on (and subject to the occurrence of) the Amendment No. 1 Effective Date, Schedule 2.1(a) and Schedule 6.6 to the Existing Credit Agreement are hereby deleted in their entirety and new Schedules 2.1(a) and 6.6 attached hereto are substituted therefor.

III CONDITIONS TO EFFECTIVENESS

SECTION 3.1. Amendment No. 1 Effective Date. This Amendment shall be and become effective as of the date hereof (the "Amendment No. 1 Effective Date") when all of the conditions set forth in this Section 3.1 shall have been satisfied, and thereafter, this Amendment No. 1 shall be known, and may be referred to, as "Amendment No. 1."

SECTION 3.1.1. Execution of Counterparts. The Agent shall have received (including by telecopy) counterparts of this Amendment No. 1 which shall have been duly executed on behalf of the Borrower, the Guarantors, the Agent and the Required Lenders.

SECTION 3.1.2. Legal Details, Etc. All documents executed or submitted pursuant hereto shall be reasonably satisfactory in form and substance to the Agent and its counsel prior to or by the time of closing. Prior to or by the time of closing, the Agent and its counsel shall have received all information, and such counterpart originals or such certified or other copies of such originals, as the Agent or its counsel may reasonably request, and all legal matters incident to the transactions contemplated by this Amendment No. 1 shall be reasonably satisfactory to the Agent and its counsel.

SECTION 3.1.3. Payment of Amendment Fee. The Borrower shall have paid to the Agent a fee in connection with this Amendment in an amount equal to 0.20% multiplied by the aggregate Revolving Commitments (after giving effect to this Amendment) of the Consenting Lenders (as defined below) such fee being for the account of each such Lender pro rata according to such Lender's Revolving Commitment; provided, however, that such fee shall be payable only to those Lenders (the "Consenting Lenders") that shall have returned executed signature pages to this Amendment no later than 5:00 P.M. EDT on Thursday, June 21, 2001, as directed by the Agent.

IV MISCELLANEOUS

SECTION 4.1. Representations and Warranties. The Borrower hereby represents and warrants to the Agent and the Lenders that, after giving effect to this Amendment, (a) no Default or Event of Default exists under the Amended Credit Agreement or any of the other Credit Documents and (b) the representations and warranties set forth in Section 6 of the Amended Credit Agreement are, subject to the limitations set forth therein, true and correct in all material respects as of the date hereof (except for those which expressly relate to an earlier date).

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. Credit Documents. The Borrower and the Guarantors hereby confirm and agree that the Credit Documents are, and shall continue to be, in full force and effect, and hereby ratify and confirm in all respects their obligations thereunder, except that, upon the effectiveness of, and on and after the date of this Amendment, all references in each Credit 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. Counterparts, Effectiveness, 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. Delivery of executed counterparts of this Amendment by telecopy shall be effective as an original and shall constitute a representation that an original shall be delivered.

SECTION 4.6. Governing Law; Entire Agreement. THIS AMENDMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NORTH CAROLINA WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PRINCIPLES THEREOF.

SECTION 4.7. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

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

BORROWER:

SYKES ENTERPRISES, INCORPORATED

By: _____
Name: _____
Title: _____

GUARANTORS:

SYKES REALTY, INC.

By: _____
Name: _____
Title: _____

SYKES E-COMMERCE INCORPORATED

By: _____
Name: _____
Title: _____

LENDERS:

BANK OF AMERICA, N.A., individually in its capacity as a Lender and in its capacity as Agent

By: _____
Name: _____
Title: _____

SUNTRUST BANK

By:

Name:
Title:

FIRST UNION NATIONAL BANK

By:

Name:
Title:

BANK ONE, NA (formerly known as The First National Bank of Chicago)

By:
Name:
Title:

FLEET NATIONAL BANK

By:

Name:
Title:

SOUTHTRUST Bank, formerly known as SouthTrust Bank, National Association

By:
Name:
Title:

**BANQUE NATIONALE DE PARIS,
HOUSTON AGENCY**

By:

Name:
Title:

Schedule 2.1(a) Schedule of Lenders and Commitments

Lender	Revolving Committed Amount	Revolving Commitment Percentage
Bank of America, N.A. 100 N. Tryon Street 17th Floor Charlotte, North Carolina 28255 Attn: John E. Williams Telephone: (704) 388-3234 Telecopy: (704) 388-0960 jack.williams@bankofamerica.com	\$ 20,000,000	20.0%
SunTrust Bank 401 E. Jackson Street 20th Floor Tampa, Florida 33602 Attn: Jennifer Williams Telephone: (813) 224-2073 Telecopy: (813) 224-2833 jennifer.williams@suntrust.com	\$ 20,000,000	20.0%
First Union National Bank 100 S. Ashley Drive Suite 1000 Tampa, Florida 33602 Attn: John Watts Telephone: (813) 276-6421 Telecopy: (813) 276-6499 john.watts2@firstunion.com	\$ 16,666,666	16.7%
Bank One, NA Bank One Plaza Suite IL1-0324, 10th Floor Chicago, Illinois 60670 Attn: Curtis A. Price Telephone: (312) 732-1542 Telecopy: (312) 732-2991	\$ 11,666,667	11.7%
Fleet National Bank 100 Federal Street MA BOS 1-7-6 Boston, Massachusetts 02110 Attn: Thomas Engels Telephone: (617) 434-4526 Telecopy: (617) 434-8102 thomas_engels@fleet.com	\$ 11,666,667	11.7%

SouthTrust Bank
420 North 20th Street
Birmingham, AL 35203
Attn: Florida Corporate Banking (Tampa)
Telephone: (813) 226-0256
Telecopy: (813) 226-0905
leslie.fredericks@southtrust.com

\$ 10,000,000

10.0%

Banque Nationale de Paris
Houston Agency
333 Clay, Suite 3400
Houston, Texas 77002
Attn: John Stacy
Telephone: (713) 951-1222
Telecopy: (713) 659-1414
john.stacy@am.bnpgroup.com

\$ 10,000,000

10.0%

\$100,000,000

100.00%

SCHEDULE 6.6

MATERIAL LITIGATION

Taken individually, the matters described below could reasonable be expected, in the event of an unfavorable outcome, to result in a loss in excess of \$1 million. Matters which could not reasonable be expected, in the event of an unfavorable outcome, to result in a loss in excess of \$1 million are not listed.

1. Shareholder class action lawsuits.

Sixteen purported class action lawsuits have been filed against Borrower and certain of it officers alleging violations of federal securities laws. All of the actions have been consolidated into one case which is pending in the United States District Court for the Middle District of Florida. The plaintiffs purport to assert claims on behalf of a class of purchasers of the Borrower's common stock during the period from July 27, 1998 through September 18, 2000.

a. Procedural posture of the litigation.

All of the cases filed have been consolidated into one action before one judge. The lead plaintiff has filed an amended complaint and the Borrower and the other defendants filed a motion to dismiss. The court did not grant the motion to dismiss and the Borrower has filed its answer to the amended complaint. Plaintiffs have filed a motion for class certification. The plaintiffs have propounded extensive requests for the production of documents to which the Borrower has begun responding.

b. Overview of the facts.

The consolidated action claims violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. Among other things, the consolidated action alleges that during 2000, 1999 and 1998, the Borrower and certain of its officers made materially false statements concerning the Borrower's financial condition and its future prospects. The consolidated complaint also claims that certain of the Borrower's quarterly financial statements during 1999 and 1998 were not prepared in accordance with generally accepted accounting principles.

c. Insurance coverage.

The Borrower maintained during the period pertinent to the consolidated complaint, \$20 million of directors and officers insurance coverage for both it and its officers and directors. The deductible of \$250,000 has been met. The primary carrier, National Union, has issued a coverage and reservation of rights letter that raises the potential of a lack of coverage solely under exclusions that are typically raised at the early stages of cases such as these.

d. Conclusion.

The Borrower's potential loss exposure depends on numerous variables such as the ruling on the motion for class certification (which could narrow the number of claimants in the class), the ability of the plaintiff's to prove that the diminution in Borrower's market capitalization proximately and actually resulted from any of the conduct alleged in the complaint, and the performance of the Borrower's stock price in the relatively near future.

2. Sykes Realty, Inc. adv. Bogatay Construction, Inc.

One of the Borrower's subsidiaries, Sykes Realty, Inc. ("Sykes Realty"), filed a complaint against Bogatay Construction, Inc. ("Bogatay") on or about September 8, 1999, alleging defects in the Borrower's Klamath Falls, Oregon call center facility, which Bogatay constructed. Sykes Realty believes that it has suffered or will suffer damages in the approximate amount of \$1.3 million as a result of Bogatay's faulty construction work. Bogatay filed a counterclaim against the Borrower and one of its employees, David Reule for indemnification concerning the

damages that Sykes Realty sought from Bogatay. Prior to trial, which occurred in the second quarter of 2001, Sykes Realty's insurance carrier, paid \$1 million to Sykes Realty in full settlement of its obligations under the insurance policy. At the conclusion of the trial, the jury awarded Sykes Realty the approximate sum of \$550,000. Bogatay has informally indicated that it intends to appeal the verdict, but has offered to give up its appeal for a reduction in the award.

3. Kyrus Corporation adv. Sykes Enterprises, Incorporated.

Litigation is pending in the Court of Common Pleas for Greenville County, South Carolina. The Borrower has been sued by Kyrus Corporation, a South Carolina corporation, with respect to certain contractual arrangements between the parties, regarding a Software License and Software Contracts Assignment Agreement (the "License/Agreement"), under which the Borrower licensed to Kyrus certain software and assigned to Kyrus certain customer (end-user) contracts relating to those customers' use of the licensed software. The License/Agreement is dated on or about July 1998.

a. Claims.

First, Kyrus alleges that the Borrower breached its express and implied warranties under the License/Agreement, including those of merchantability and fitness for a particular purpose, by reason that the software was not functional, did not conform to specifications, and was not year 2000 compliant, and that the customer contracts assigned to Kyrus were in breach or default by the Borrower. No specific damages amount is stated in the complaint with respect to the alleged breach of warranties.

Kyrus also claims it is owed more than \$2.2 million by the Borrower for direct costs incurred by Kyrus in providing support services to the Borrower's customers regarding the assigned customer contracts in excess of certain agreed upon support limits. The Borrower intends to assert, as a defense to this claim, that Kyrus failed to give timely notice in accordance with the notice provisions of the License/Agreement.

Finally, Kyrus claims it is owed \$4.5 million of the consideration paid to the Borrower by Kyrus. Alternatively, Kyrus demands that Sykes return to Kyrus certain shares of Kyrus preferred stock having an aggregate par value of \$4.5 million.

b. Insurance coverage.

The Borrower has forwarded the lawsuit to its insurance carrier and has been informed by a representative of its insurance carrier that the types of allegations contained in the complaint, because they appear to relate to the functionality of the software product (and subject to any further amendments of the complaint by the plaintiff), are generally covered by existing insurance policies of the Borrower, which, in the aggregate, provide approximately \$20 million of coverage. The primary carrier, Chubb Group of Insurance Companies, has however, issued a coverage and reservation of rights letter that raises the potential of a lack of coverage under exclusions that are typically raised at the early stages of cases such as these.

c. Status of the case.

The Borrower has filed an answer denying the allegations regarding functionality and asserting, among others, the defenses described above. The parties recognize that the facts involved in this litigation are extremely complex, and have therefore agreed to a stay in the litigation to permit informal discovery. The stay is currently in effect until the beginning of August, at which time the parties intend to meet to discuss settlement. In the event a satisfactory resolution cannot be attained at that meeting, it is likely that the stay will be lifted and formal discovery will commence. It is also likely that if this matter proceeds towards trial, it will do so very quickly due to the accelerated trial docket in Greenville County

EXHIBIT 10.34

CREDIT AGREEMENT

THIS CREDIT AGREEMENT dated as of February 27, 1998 (the "Credit Agreement") by and between

SYKES ENTERPRISES, INCORPORATED, a Florida corporation (the "Borrower"); and

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

RECITALS:

A. The Borrower has applied to the Bank for credit facilities in the aggregate amount of \$15,000,000.00, to be borrowed for working capital needs, for the refinancing of indebtedness to the Bank, for documentary and standby letters of credit and for foreign exchange transactions.

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

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

**ARTICLE I
Definitions**

1.01 For the purposes hereof:

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

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

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

"Belgian Subsidiary" means Sykes Holdings of Belgium B.V.B.A;

"Credit Documents" means this Credit Agreement, the Notes, the Letter of Credit Applications, the Guaranty Agreements, the Pledge Agreements, and all other related agreements and documents issued or delivered hereunder or thereunder or pursuant hereto or thereto ;

"Credit Party" means the Borrower, any of the Guarantors or any of the Pledgors;

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

"Deutsche Marks Note" shall have the meaning given to such term in Section 2.05;

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

"Dollar Note" shall have the meaning given to such term in Section 2.09;

"Exchange Rate" means, in relation to the purchase of one currency (for purposes of this definition the "first currency") with another currency (for purposes of this definition the "second currency") on a given date, the Bank's spot rate of exchange, for the amount in question, in the London interbank market at or about 11:00

a.m. Charlotte, North Carolina time on such date for the purchase of the first currency with the second currency, for delivery two Business Days later;

"Foreign Currency Notes" shall mean the Krona Note, the Guilder Note, the Belgian Francs Note, the Deutsche Marks Note, the Pound Sterling Note, the Punts Note and the French Francs Note;

"Foreign Subsidiary Borrowers" shall mean the Swedish Subsidiary, the Netherlands Subsidiaries, the Belgian Subsidiary, the German Subsidiary and McQueen,

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

"French Francs Note" shall have the meaning given to such term in Section 2.08;

"German Subsidiary" means Sykes Enterprises GmbH;

"Guaranty Agreements" means (i) the Guaranty Agreement executed by the Borrower in favor of the Bank whereby the Borrower guarantees the repayment of the obligations of the Foreign Subsidiary Borrowers to the Bank under the Foreign Currency Notes and (ii) the Guaranty Agreements executed by the Material Subsidiaries of the Borrower in favor of the Bank whereby the Material Subsidiaries guarantee the repayment of the obligations of the Borrower to the Bank under the Credit Documents;

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

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

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

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

"Letter of Credit Applications" shall have the meaning given to such term in Section 2.13 hereof;

"Letter of Credit Obligations" shall have the meaning given to such term in Section 2.13 hereof;

"Letters of Credit" shall have the meaning given to such term in Section 2.13 hereof;

"McQueen" means McQueen International Limited.

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

"Notes" means a collective reference to the Dollar Note and the Foreign Currency Notes;

"Pledge Agreements" means any pledge agreements entered into in accordance with the provisions of Section 4.02, in each case as amended and modified, to secure on a pari passu basis the obligations owing under this Credit Agreement and the Indebtedness under the Syndicated Credit Agreement;

"Pledgors" means the Persons executing Pledge Agreements

pursuant to Section 7.11;

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

"Pound Sterling Note" shall have the meaning given to such term in Section 2.06;

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

"Punts Note" shall have the meaning given to such term in

Section 2.07;

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

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

"Syndicated Credit Agreement" means that certain Credit Agreement, dated as of February 27, 1998, by and among the Borrower, the lenders parties thereto and NationsBank, N.A., as agent for such lenders, together with all amendments and modifications thereto and replacements therefor;

"Termination Date" means February 27, 2001.

1.02 Capitalized terms used herein and not otherwise defined herein shall have their respective meanings as set forth in the Syndicated Credit Agreement.

ARTICLE II

Credit Extensions

2.01 The Bank agrees, on the terms herein set forth, to make revolving loan advances (the "Advances") from time to time during the period from the date hereof to the Termination Date in an amount equal to \$15,000,000 (or such higher amount as the parties hereto may from time to time agree) (the "Revolving Loan Committed Amount"). The Bank agrees that a portion of the Advances shall be available to (a) the Swedish Subsidiary in Krona (the "Krona Advances") in an aggregate amount up to 14,000,000 Krona at any time outstanding, (b) the Netherlands Subsidiaries in Guilder (the "Guilder Advances") in an aggregate amount up to 4,000,000 Guilder, (c) the Belgian Subsidiary in Belgian Francs (the "Belgian Franc Advances") in an aggregate amount up to 1,000,000 Belgian Francs, (d) the German Subsidiary in Deutsche Marks (the "Deutsche Marks Advances") in an aggregate amount up to 2,500,000 Deutsche Marks, (e) the McQueen in British Pound Sterling (the "Pound Sterling Advances") in an aggregate amount up to 5,000,000 British Pound Sterling, (f) McQueen in Punts (the "Punts Advances") in an aggregate amount up to 800,000 Punts and (g) McQueen in French Francs (the "French Francs Advances") in an aggregate amount up to 20,000,000 French Francs. The Bank agrees that the remaining portion of the Advances shall be available to the Borrower in U.S. dollars (the "Dollar Advances"). Within the limits set forth herein and in the Foreign Currency Notes and the Dollar Note, the Bank shall make Advances, accept payments and prepayments pursuant to the terms hereof and readvance any amount so paid or prepaid.

2.02 The Krona Advances shall be made, shall be repaid and shall bear interest in accordance with the terms of that certain Promissory Note dated February 27, 1998 executed by the Swedish Subsidiary in favor of the Bank in the original principal amount of up to 14,000,000 Krona (the "Krona Note"), the terms of which are incorporated herein by reference.

2.03 The Guilder Advances shall be made, shall be repaid and shall bear interest in accordance with the terms of that certain Promissory Note dated February 27, 1998 executed by the Netherlands Subsidiaries in favor of the Bank in the original principal amount of up to 5,000,000 Guilder (the "Guilder Note"), the terms of which are incorporated herein by reference.

2.04 The Belgian Francs Advances shall be made, shall be repaid and shall bear interest in accordance with the terms of that certain Promissory Note dated February 27, 1998 executed by the Belgian Subsidiary in favor of the Bank in the original principal amount of up to 5,000,000 Belgian Francs (the "Belgian Francs Note"), the terms of which are incorporated herein by reference.

2.05 The Deutsche Marks Advances shall be made, shall be repaid and shall bear interest in accordance with the terms of that certain Promissory Note dated February 27, 1998 executed by the German Subsidiary in favor of the Bank in the original principal amount of up to 5,000,000 Deutsche Marks (the "Deutsche Marks Note"), the terms of which are incorporated herein by reference.

2.06 The Pound Sterling Advances shall be made, shall be repaid and shall bear interest in accordance with the terms of that certain Promissory Note dated February 27, 1998 executed by McQueen in favor of the Bank in the original principal amount of up to 5,000,000 Pounds Sterling (the "Pound Sterling Note"), the terms of which are incorporated herein by reference.

2.07 The Punts Advances shall be made, shall be repaid and shall bear interest in accordance with the terms of that certain Promissory Note dated February 27, 1998 executed by McQueen in favor of the Bank in the original principal amount of up to 800,000 Punts (the "Punts Note"), the terms of which are incorporated herein by reference.

2.08 The French Franc Advances shall be made, shall be repaid and shall bear interest in accordance with the terms of that certain Promissory Note dated February 27, 1998 executed by McQueen in favor of the Bank in the original principal amount of up to 20,000,000 French Francs (the "French Francs Note"), the terms of which are incorporated herein by reference.

2.09 The Dollar Advances shall be made, shall be repaid and shall bear interest in accordance with the terms of that certain Promissory Note of even date herewith executed by the Borrower in favor of the Bank in the original principal amount of up to \$15,000,000 (the "Dollar Note"), the terms of which are incorporated herein by reference.

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

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

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

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

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

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

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

2.13 The Bank also agrees to issue standby and documentary letters of credit (the "Letters of Credit"), in U.S. dollars or in any of the applicable currencies under the Foreign Currency Notes, on the application of the Borrower from time to time in accordance with the following terms and conditions:

- (a) the Borrower will execute a letter of credit application on the Bank's standard form in connection with the issuance of each Letter of Credit (hereinafter the "Letter of Credit Applications");
- (b) The form of each Letter of Credit must be satisfactory to the Bank in its reasonable discretion;
- (c) No Letter of Credit shall have a term in excess of one year;
- (d) No Letter of Credit shall have an expiration date more than six months beyond the Termination Date;
- (e) The U.S. dollar equivalent of the aggregate undrawn amounts of the Letters of Credit at any time outstanding plus the U.S. dollar equivalent of the outstanding principal amount of amounts drawn under the Letters of Credit and not reimbursed by the Borrower (the "Letter of Credit Obligations") plus the outstanding principal balance of the Dollar Advances plus the U.S. dollar equivalent of the Foreign Currency Notes (based upon the most recently available Exchange Rate) plus the U.S. dollar equivalent of the aggregate amount of foreign exchange contracts margined at 15% of their U.S. dollar value (based upon the most recently available Exchange Rate) shall not exceed U.S. \$15,000,000;
- (f) The Bank is authorized to reimburse itself for amounts drawn under the Letters of Credit by disbursing directly to itself proceeds of the Dollar Advances;
- (g) Amounts drawn under the Letters of Credit shall be payable in accordance with the terms of the Letter of Credit Applications;
- (h) If the expiration date of any Letter of Credit extends beyond the Termination Date, the Borrower shall pay to the Bank on the Termination Date an amount equal to the U.S. dollar equivalent of the then outstanding Letter of Credit Obligations with respect to such Letter of Credit to be held in an interest bearing cash collateral account in the name of the Borrower as security for the reimbursement obligations which thereafter may arise on account of subsequent drawings or payments on any such Letter of Credit;
- (i) The Borrower shall pay the Bank a 1% per annum fee on the undrawn amount of each standby Letter of Credit, such fee to be payable quarterly in arrears. The Borrower shall pay the Bank the standard fees of the Bank upon the issuance of any documentary Letter of Credit;
- (j) If at any time after the date hereof, and from time to time, the Bank reasonably determines that the adoption or modification of any applicable law, rule or regulation regarding taxation, the Bank's required levels of reserves, deposits, insurance or capital (including any allocation of capital requirements or conditions), or similar requirements, or any interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation, administration

or compliance of the Bank with any of such requirements, has or would have the effect of (i) increasing the Bank's costs relating to the Letters of Credit hereunder, or (ii) reducing the yield or rate of return of the Bank on the Letters of Credit hereunder, to a level below that which the Bank could have achieved but for the adoption or modification of any such requirements, the Borrower shall, within 15 days of any written request (which request shall state in reasonable detail the basis therefor) by the Bank, pay to the Bank such additional amounts as will compensate the Bank for such increase in costs or reduction in yield or rate of return of the Bank. No failure by the Bank to immediately demand payment of any additional amounts payable hereunder shall constitute a waiver of the Bank's right to demand payment of such amounts at any subsequent time. Nothing herein contained shall be construed or so operate as to require the Borrower to pay any interest, fees, costs or charges greater than is permitted by applicable law.

ARTICLE III Representations and Warranties

The Borrower hereby represents and warrants to the Bank that:

3.01 Corporate Power; Authorization; Enforceable Obligations .

Each of the Credit Parties has full power and authority and the legal right to make, deliver and perform the Credit Documents to which it is party and has taken all necessary corporate action to authorize the execution, delivery and performance by it of the Credit Documents to which it is party. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the borrowings hereunder or with the execution, delivery or performance of any Credit Document by the Credit Parties (other than those which have been obtained,) or with the validity or enforceability of any Credit Document against the Credit Parties (except such filings as are necessary in connection with the perfection of the Liens created by such Credit Documents). Each Credit Document to which the Credit Parties are a party has been duly executed and delivered on behalf of such Credit Parties. Each Credit Document to which it is a party constitutes a legal, valid and binding obligation of such Credit Parties enforceable against such Credit Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

3.02 No Legal Bar; No Default.

The execution, delivery and performance of the Credit Documents, the borrowings thereunder and the use of the Advances and the Letters of Credit will not violate any Requirement of Law or any Contractual Obligation of any member of the Consolidated Group (except those as to which waivers or consents have been obtained), and will not result in, or require, the creation or imposition of any Lien on any of their respective properties or revenues pursuant to any Requirement of Law or Contractual Obligation other than the Liens arising under or contemplated in connection with the Credit Documents. No member of the Consolidated Group is in default under or with respect to any of its Contractual Obligations in any respect which would reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

3.03 Federal Regulations.

No part of the proceeds of any Advances or Letter of Credit hereunder will be used directly or indirectly for any purpose which violates, or which would be inconsistent with, the provisions of Regulation G, T, U or X of the Board of Governors of the Federal Reserve System as now and from time to time hereafter in effect. No member of the Consolidated Group owns "margin stock" except as identified in the financial statements referred to in Section 6.1 of the Syndicated Credit Agreement and the aggregate value of all "margin stock" owned by each member of the Consolidated Group does not exceed 25% of the value of its assets.

3.04 Purpose of Extensions of Credit.

The Advances will be used to support the Borrower's needs for general working capital, letters of credit and foreign exchange transactions.

3.05 Incorporated Representations and Warranties.

The representations and warranties contained in Sections 6.1, 6.2, 6.3, 6.6, 6.7, 6.9, 6.10, 6.12, 6.13, 6.14 and 6.15 of the Syndicated Credit Agreement, as in effect as of the date hereof (the "Incorporated Representations"), are hereby incorporated by reference and shall be binding on the Borrower as if set forth fully herein. The incorporation by reference to the Syndicated Credit Agreement of the Incorporated Representations pursuant to this

Section 3.05 shall survive the termination of the Syndicated Credit Agreement. For purposes of the incorporation of the Incorporated Representations pursuant to this Section 3.05, all references in the Incorporated Representations to "the Agent", "a Lender", "the Lenders" or "the Required Lenders" shall be deemed to refer to the Bank, all references in the Incorporated Representations to the "Credit Agreement", or any similar references, shall be deemed to refer to this Credit Agreement, all references in the Incorporated Representations to a "Note" or the "Notes" shall be deemed to refer to one or more of the Notes as defined in Section 1.01 hereof and all references in the Incorporated Representations to a "Credit Document" or the "Credit Documents", or any similar references, shall be deemed to refer to one or more of the Credit Documents as defined in Section 1.01 hereof.

ARTICLE IV Covenants

The Borrower covenants and agrees that from the date hereof and until payment in full of all principal and interest on the Notes and the Letter of Credit Obligations and until the Bank's obligation to extend credit hereunder has been terminated, the Borrower hereby agrees as follows:

4.01 Incorporated Covenants.

The affirmative and negative covenants contained in Sections 7.1 through 7.9 and Sections 8.1 through 8.9 of the Syndicated Credit Agreement, as in effect as of the date hereof (the "Incorporated Covenants"), are hereby incorporated by reference and shall be binding on the Borrower as if set forth fully herein. The incorporation by reference to the Syndicated Credit Agreement of the Incorporated Covenants pursuant to this Section 4.01 shall survive the termination of the Syndicated Credit Agreement. For purposes of the incorporation of the Incorporated Covenants pursuant to this Section 4.01, all references in the Incorporated Covenants to "the Agent", "a Lender", "the Lenders" or "the Required Lenders" shall be deemed to refer to the Bank, all references in the Incorporated Covenants to the "Credit Agreement", or any similar references, shall be deemed to refer to this Credit Agreement, all references in the Incorporated Covenants to a "Note" or the "Notes" shall be deemed to refer to one or more of the Notes as defined in Section 1.01 hereof, all references in the Incorporated Covenants to a "Credit Document" or the "Credit Documents", or any similar references, shall be deemed to refer to one or more of the Credit Documents as defined in Section 1.01 hereof and Section 8.1(g) shall refer to the Indebtedness under the Syndicated Credit Agreement .

4.02 Additional Guaranties and Stock Pledges.

If a Subsidiary of the Borrower becomes a Material Subsidiary, then the Borrower will promptly notify the Bank thereof and cause such Material Subsidiary to:

- (a) execute a guaranty agreement in a form reasonably satisfactory to the Bank (or in lieu thereof with respect to any Foreign Subsidiary which is a Material Subsidiary, the Borrower may deliver stock certificates and related pledge agreement evidencing the pledge of 66% of the Voting Stock of such Foreign Subsidiary, together, with undated stock transfer powers executed in blank, such pledge agreement to secure on a pari passu basis the obligations of the Credit Parties under the Credit Documents and the Indebtedness under the Syndicated Credit Agreement); and
- (b) deliver such supporting resolutions, incumbency certificates, corporate formation and organizational documentation and opinions of counsel as the Bank may reasonably request.

4.03 Banking Relationship. The Borrower shall maintain a primary banking relationship with the Bank.

ARTICLE V
Events of Default and Acceleration

5.01 Events of Default.

An Event of Default shall exist upon the occurrence of any of the following specified events (each an "Event of Default"):

(a) Payment. Any Credit Party shall

(i) default in the payment when due of any principal of any of the Notes or any of the Letter of Credit Applications,

or

(ii) default, and such defaults shall continue for five (5) or more Business Days, in the payment when due of any interest on the Notes, or of any fees or other amounts owing hereunder, under any of the other Credit Documents or in connection herewith or therewith; or

(b) Representations. Any representation, warranty or statement made or deemed to be made herein, in any of the other Credit Documents, or in any statement or certificate delivered or required to be delivered pursuant hereto or thereto shall prove untrue in any material respect on the date as of which it was deemed to have been made; or

(c) Covenants.

(i) A default in the due performance or observance of any term, covenant or agreement contained in Section 7.2, 7.3(a), 7.9, or 8.1 through 8.9, inclusive of the Incorporated Covenants or Section 4.2 hereof, or

(ii) A default in the due performance or observance by it of any term, covenant or agreement (other than those referred to in subsections (a), (b) or (c)(i) of this Section 5.01) contained in this Credit Agreement and such default shall continue unremedied for a period of at least 30 days after the earlier of a responsible officer of a Credit Party becoming aware of such default or notice thereof by the Agent; or

(d) Other Credit Documents. (i) Any Credit Party shall default in the due performance or observance of any material term, covenant or agreement in any of the other Credit Documents (subject to applicable grace or cure periods, if any), or (ii) except as to the Credit Party which is dissolved, released or merged or consolidated out of existence as the result of or in connection with a dissolution, merger or disposition permitted by Section 8.3(a), Section 8.3(b) or Section 8.3(c) of the Incorporated Covenants, any Credit Document shall fail to be in full force and effect or to give the Bank any material part of the Liens, rights, powers and privileges purported to be created thereby; or

(e) Guaranties. Except as to the Credit Party which is dissolved, released or merged or consolidated out of existence as the result of or in connection with a dissolution, merger or disposition permitted by Section 8.3(a), Section 8.3(b) or Section 8.3(c) of the Incorporated Covenants, the guaranty given by any Guarantor hereunder or any material provision thereof shall cease to be in full force and effect, or any Guarantor hereunder or any Person acting by or on behalf of such Guarantor shall deny or disaffirm such Guarantor's obligations under such guaranty, or any Guarantor shall default in the due performance or observance of any term, covenant or agreement on its part to be performed or observed pursuant to any guaranty; or

(f) Incorporated Events of Default. The occurrence of an "Event of Default" under and as defined in the Syndicated Credit Agreement, as in effect as of the date hereof which "Events of Default" (the "Incorporated Events of Default") are hereby incorporated by reference and shall be binding on the

Borrower as if set forth fully herein. The incorporation by reference to the Syndicated Credit Agreement of the Incorporated Events of Default shall survive the termination of the Syndicated Credit Agreement. For purposes of the incorporation of the Incorporated Covenants pursuant to this Section 6.1(f), all references in the Incorporated Events of Default to "the Agent", "a Lender", "the Lenders" or "the Required Lenders" shall be deemed to refer to the Bank, all references in the Incorporated Events of Default to the "Credit Agreement", or any similar references, shall be deemed to refer to this Credit Agreement, all references in the Incorporated Default to a "Note" or the "Notes" shall be deemed to refer to one or more of the Notes as defined in Section 1.01 hereof and all references in the Incorporated Events of Default to a "Credit Document" or the "Credit Documents", or any similar references, shall be deemed to refer to one or more of the Credit Documents as defined in Section 1.01 hereof.

5.02 Upon the occurrence of any such event of default (taking into account applicable grace periods, if any, as provided in Section 5.01 hereof) and unless the Bank agrees to waive in writing such an event of default:

(a) the Bank's commitment to make Advances shall terminate and all of the indebtedness of any and every kind owing by the Borrower to the Bank or any corporate affiliate of the Bank shall become due and payable upon written notice to the Borrower (other than an Event of Default described in Section 9.1(f) of the Incorporated Events of Default in which case the Bank's commitment to make Advances shall automatically terminate and such indebtedness shall become due and payable immediately without necessity of written demand) without the necessity of any other demand, presentment, protest or notice upon the Borrower, all of which are hereby expressly waived by the Borrower;

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

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

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

ARTICLE VI

Miscellaneous

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

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

c/o Sykes Enterprises, Incorporated 100 North Tampa Street Suite 3900
Tampa, Florida 33602 Attention: Scott J. Bendert, Senior Vice President- Finance, Treasurer and Chief Financial Officer

(b) if to the Bank:

NationsBank, N.A.

NationsBank Plaza, NC1-002-03-10
Charlotte, North Carolina 28255
Attention: William A. Serenius,
Sr. Vice President

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

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

6.04 Subject to previously agreed upon limits, the Borrower agrees to pay the costs and expenses of the Bank (including reasonable attorneys' fees) in connection with the preparation, execution and delivery of the Credit Documents and all other documents necessary to consummate the transactions contemplated by the commitment letter of the Bank to the Borrower. The Borrower also agrees to pay the costs and expenses of the Bank in connection with the enforcement of the Credit Documents and this Credit Agreement, as well as any actual filing and recording fees and stamp and other taxes with respect thereto.

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

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

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

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

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

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

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

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

SYKES ENTERPRISES, INCORPORATED

By

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

NATIONSBANK, N.A.

By:

William A. Serenius Senior Vice President

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT dated as of October ____, 1998, between Sykes Enterprises, Incorporated (the "Borrower") and its subsidiaries listed on the signature page and NationsBank, N.A. (the "Bank").

RECITALS

The Borrower and the Bank have entered into a Credit Agreement dated as of February 27, 1998 (the "Agreement") pursuant to which the Bank extended a credit facility in the amount of \$15,000,000.00 to be borrowed for working capital needs, for the refinancing of indebtedness to the Bank, for documentary and standby letters of credit and for foreign exchange transactions (the "Loan").

The obligation of the Borrower under the Credit Agreement is evidenced by a note in the amount of \$15,000,000 executed by Sykes Enterprises, Incorporated in favor of Bank and the Foreign Currency Notes dated as of February 27, 1998 executed by the Borrower's subsidiaries in favor of Bank.

The Borrower and the Bank wish to amend certain terms of the Agreement and the Foreign Currency Notes as herein provided.

NOW THEREFORE, in consideration of the mutual agreements contained herein and other good and valuable consideration, receipt of which is hereby acknowledged, the parties agree as follows:

Section 1. Definitions. Unless otherwise defined herein, terms defined in the Agreement shall have the same meanings when used herein.

Section 2. Amendments. Effective as provided in Section 3 hereof and subject to the provisions of Section 3 hereof, the Agreement and the Foreign Currency Notes are hereby amended as follows:

A new Section 2.10 is added to the Agreement as follows:

2.10 (a) If, as a result of the implementation of the European economic and monetary union ("EMU"), (i) any currency available for borrowing under this Credit Agreement (a "national currency") ceases to be lawful currency of the state issuing the same and is replaced by a European single or common currency (the "Euro") or (ii) any national currency and the Euro are at the same time both recognized by the central bank or comparable governmental authority of the state issuing such currency as lawful currency of such state, then any amount payable hereunder by any party hereto in such national currency (including, without limitation, any Advance to be made under this Credit Agreement) shall instead be payable in the Euro and the amount so payable shall be determined by redenominating or converting such amount into the Euro at the exchange rate officially fixed by the European Central Bank for the purpose of implementing the EMU, provided that to the extent any EMU legislation provides that an amount denominated either in the Euro or in the applicable national currency can be paid either in Euros or in the applicable national currency, each party to this Credit Agreement shall be entitled to pay or repay such amount in Euros or in the applicable national currency. Prior to the occurrence of the event or events described in clause (i) or (ii) of the preceding sentence, each amount payable hereunder in any such national currency will, except as otherwise provided herein, continue to be payable only in that national currency.

(b) Borrower shall from time to time, at the request of the Bank, pay to the Bank for the account of the Bank the amount of any cost or increased cost incurred by, or of any reduction in the amount payable to or in the effective return on its capital to, or of interest, or other return foregone by, the Bank or any holding company of the Bank as a result of the introduction of, changeover to or operation of the Euro in any applicable state.

(c) In addition, this Credit Agreement and the Foreign Currency Notes (including, without limitation, the definition of Adjusted LIBOR Rate) will be amended to the extent determined by the Bank (acting reasonably and in consultation with the Borrower) to be necessary to reflect such implementation of the

EMU and change in currency and to the Bank and the Borrower in the same position, so far as possible, that they would have been in if such implementation and change in currency had not occurred. Except as provided in the foregoing provisions of this Section, no such implementation or change in such currency nor any economic consequences resulting therefrom shall (i) give rise to any right to terminate prematurely, contest, cancel, rescind, alter, modify or renegotiate the provisions of this Credit Agreement or (ii) discharge, excuse or otherwise affect the performance of any obligations of the borrower under this Credit Agreement, the Foreign Currency Notes or other Credit Documents.

Section 3. Effective Date. The amendments to the Agreement and the Foreign Currency Notes set forth in Section 2 hereof shall be effective and binding on all the parties on and as of October 29, 1998 (the "Effective Date"), provided that the following conditions precedent have been satisfied on such date:

- (a) The Bank shall have received one or more counterparts of this First Amendment to Credit Agreement executed by each of the parties hereto.
- (b) All legal matters incident to this First Amendment to Credit Agreement shall be satisfactory to counsel for the Bank.

Section 4. Representations, Etc. The Borrower represents covenants and warrants to the Bank that (i) as of the date hereof no Event of Default has occurred and is continuing and no status or condition exists which with the giving of notice or the passage of time or both would constitute an Event of Default; and (ii) the representations and warranties contained in the Agreement as amended hereby, with each reference to "this Credit Agreement", "hereto", "hereof", and terms of similar import taken as a reference to the Agreement as amended hereby.

Section 5. Agreement.

- (a) Except as specifically amended hereby, the Agreement and Foreign Currency Notes shall remain unchanged and continue in full force and effect in accordance with the provisions thereof as in existence on the date hereof.
- (b) This First Amendment to Credit Agreement (i) is limited precisely as specified herein and does not constitute nor shall it be deemed to constitute a modification, acceptance or waiver of any other provision of the Agreement, the Foreign Currency Notes or any document, instruments, certificates, notes, bonds or agreements delivered in connection therewith and (iii) shall not prejudice or be deemed to prejudice any right(s) the Bank may now have or may in the future have under or in connection with the Agreement, the Foreign Currency Notes or any documents, instruments, certificates, notes, bonds or agreements executed in connection therewith.

Section 6. Applicable Law. This First Amendment to Credit Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina.

Section 7. Counterparts. This First Amendment to Credit Agreement may be executed in any number of counterparts, all of which taken together will constitute one agreement, and any of the parties hereto may execute this First Amendment to Credit Agreement by signing any such counterpart.

IN WITNESS WHEREOF, the parties hereto have caused to this First Amendment to Credit Agreement be duly executed as of the day and year first above written.

SYKES ENTERPRISES, INCORPORATED

NATIONSBANK, N.A.

By: _____

By: _____

Title: _____

Title: _____

**DATASVAR SUPPORT AB,
STOCKHOLM, SWEDEN**

By:

Title:

SYKES ENTERPRISES GmbH

By:

Title:

**SYKES ENTERPRISES, INCORPORATED
HOLDINGS BV**

By:

Title:

SYKES ENTERPRISES, INCORPORATED BV

By:

Title:

MCQUEEN INTERNATIONAL LIMITED

By:

Title:

SYKES HOLDINGS OF BELGIUM B.V.B.A.

By:

Title:

AMENDMENT NO. 2 TO CREDIT AGREEMENT

THIS AMENDMENT AGREEMENT (this "Amendment No. 2"), dated as of January 18, 2000, is by and among SYKES ENTERPRISES, INCORPORATED, a Florida corporation (the "Borrower"), the subsidiaries of the Borrower listed on the signature pages hereto and BANK OF AMERICA, N.A., a national banking association formerly known as NationsBank, N.A. (the "Bank").

WITNESSETH:

WHEREAS, the Borrower and the Bank are parties to that certain Credit Agreement, dated as of February 27, 1998, as amended by a First Amendment to Credit Agreement dated as of October 1998 (the "Existing Credit Agreement"); and

WHEREAS, the Borrower and the Bank have agreed to amend the Existing Credit Agreement as set forth herein.

NOW, THEREFORE, in consideration of the agreements herein contained, the parties hereby agree as follows:

PART I DEFINITIONS

SUBPART 1.1. Certain Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Amendment No. 2, including its preamble and recitals, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"Amended Credit Agreement" means the Existing Credit Agreement as amended hereby.

"Amendment No. 2 Effective Date" is defined in Subpart 3.1.

SUBPART 1.2. Other Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Amendment No. 2, including its preamble and recitals, have the meanings provided in the Amended Credit Agreement.

PART II AMENDMENTS TO EXISTING CREDIT AGREEMENT

Effective as of the Amendment No. 2 Effective Date, the Existing Credit Agreement is hereby amended in accordance with this Part II. Except as so amended, the Existing Credit Agreement, the Notes and the other Credit Documents shall continue in full force and effect.

SUBPART 2.1 Amendments to Section 1.01. Section 1.01 of the Existing Credit Agreement is hereby amended by inserting, in the alphabetically appropriate place, the following definition:

"Amendment No. 3 to Syndicated Credit Agreement" means that certain Amendment No. 3 to Credit Agreement, dated as of January 18, 2000, among the Borrower, the guarantors party thereto, the lenders party thereto and the Bank, as Agent, amending the Syndicated Credit Agreement as then in effect.

SUBPART 2.2 Amendment to Section 4.01. Section 4.01 is amended by replacing the first sentence thereof with the following:

The affirmative and negative covenants contained in Sections 7.1 through 7.9 and Sections 8.1 through 8.9 of the Syndicated Credit Agreement, as existing after giving effect to Amendment No. 3 to Syndicated Credit Agreement and any subsequent amendment to the Syndicated Credit Agreement which

the Bank, acting in its capacity as the lender hereunder, has approved in a writing referring to this Credit Agreement (the "Incorporated Covenants"), are hereby incorporated by reference and shall be binding on the Borrower as if set forth fully herein.

PART III CONDITIONS TO EFFECTIVENESS

SUBPART 3.1. Amendment No. 2 Effective Date. This Amendment shall be and become effective as of January 18, 2000 (the "Amendment No. 2 Effective Date") when all of the conditions set forth in this Subpart 3.1 shall have been satisfied, and thereafter, this Amendment No. 2 shall be known, and may be referred to, as "Amendment No. 2."

SUBPART 3.1.1. Execution of Counterparts. The Bank shall have received (including by telecopy) counterparts of this Amendment No. 2 which shall have been duly executed on behalf of the Borrower, the subsidiaries of the Borrower listed on the signature pages hereto and the Bank.

SUBPART 3.1.2. Legal Details, Etc. All documents executed or submitted pursuant hereto shall be reasonably satisfactory in form and substance to the Bank and its counsel prior to or by the time of closing. Prior to or by the time of closing, the Bank and its counsel shall have received all information, and such counterpart originals or such certified or other copies of such originals, as the Bank or its counsel may reasonably request, and all legal matters incident to the transactions contemplated by this Amendment No. 2 shall be reasonably satisfactory to the Bank and its counsel.

PART IV MISCELLANEOUS

SUBPART 4.1 Cross-References. References in this Amendment No. 2 to any Part or Subpart are, unless otherwise specified, to such Part or Subpart of this Amendment No. 2.

SUBPART 4.2 Instrument Pursuant to Existing Credit Agreement. This Amendment No. 2 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.

SUBPART 4.3 Credit Documents. The Borrower and the subsidiaries of the Borrower listed on the signature pages hereto hereby confirm and agree that the Credit Documents, including without limitation the Guaranty Agreements and the Notes, are, and shall continue to be, in full force and effect, and hereby ratify and confirm in all respects their obligations thereunder, except that, upon the effectiveness of, and on and after the date of, this Amendment No. 2, all references in each Credit Document to the "Credit Agreement", "thereunder", "thereof" or words of like import referring to the Existing Credit Agreement shall mean the Amended Credit Agreement.

SUBPART 4.4 Counterparts, Effectiveness, Etc. This Amendment No. 2 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.

SUBPART 4.5 Governing Law; Entire Agreement. THIS AMENDMENT NO. 2 SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NORTH CAROLINA WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PRINCIPLES THEREOF.

SUBPART 4.6 Successors and Assigns. This Amendment No. 2 shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

SUBPART 4.7 Representations and Warranties. The Borrower represents and warrants to the Bank that no Default or Event of Default has occurred and remains uncured under the Amended Credit Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 2 to be executed by their respective duly authorized officers as of the day and year first above written.

BORROWER:

SYKES ENTERPRISES, INCORPORATED

By

Title

SUBSIDIARIES OF THE
BORROWER:

MCQUEEN INTERNATIONAL LIMITED

By

Title

SHPS, INC.

By

Title

**DATASVAR SUPPORT AB,
STOCKHOLM SWEDEN**

By

Title

SYKES ENTERPRISES GmbH

By

Title

**SYKES ENTERPRISES INCORPORATED
HOLDINGS BV**

By

Title

SYKES ENTERPRISES INCORPORATED BV

By

Title

SYKES HOLDINGS OF BELGIUM B.V.B.A.

By

Title

BANK: BANK OF AMERICA, N.A., formerly known as NationsBank, N.A.

By

Title

AMENDMENT NO. 3 TO CREDIT AGREEMENT

THIS AMENDMENT AGREEMENT (this "Amendment No. 3"), dated as of May __, 2000, is by and among SYKES ENTERPRISES, INCORPORATED, a Florida corporation (the "Borrower"), the subsidiaries of the Borrower listed on the signature pages hereto and BANK OF AMERICA, N.A., a national banking association formerly known as NationsBank, N.A. (the "Bank").

WITNESSETH:

WHEREAS, the Borrower and the Bank are parties to that certain Credit Agreement, dated as of February 27, 1998, as amended by a First Amendment to Credit Agreement dated as of October 1998 and Amendment No. 2 to Credit Agreement dated as of January 18, 2000 (the "Existing Credit Agreement");

WHEREAS, the Foreign Subsidiary Borrowers have executed the Foreign Currency Notes pursuant to the Existing Credit Agreement;

WHEREAS, McQueen has executed that certain Guaranty Agreement dated as of February 27, 1998 in favor of the Bank;

WHEREAS, SHPS, Inc. ("SHPS") has executed that certain Guaranty Agreement dated as of February 28, 2000 in favor of the Bank; and

WHEREAS, the Borrower and the Bank have agreed to amend the Existing Credit Agreement as set forth herein and the Foreign Subsidiary Borrowers and SHPS desire to acknowledge and agree to such amendment.

NOW, THEREFORE, in consideration of the agreements herein contained, the parties hereby agree as follows:

PART I DEFINITIONS

SUBPART 1.1. Certain Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Amendment No. 3, including its preamble and recitals, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"Amended Credit Agreement" means the Existing Credit Agreement as amended hereby.

"Amendment No. 3 Effective Date" is defined in Subpart 3.1.

SUBPART 1.2. Other Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Amendment No. 3, including its preamble and recitals, have the meanings provided in the Amended Credit Agreement.

PART II AMENDMENTS TO EXISTING CREDIT AGREEMENT

Effective as of the Amendment No. 3 Effective Date, the Existing Credit Agreement is hereby amended in accordance with this Part II. Except as so amended, the Existing Credit Agreement, the Notes and the other Credit Documents shall continue in full force and effect.

SUBPART 2.1 Amendments to Section 1.01. Section 1.01 of the Existing Credit Agreement is hereby amended as follows:

(a) The following new definition is added in the alphabetically appropriate place:

"Amendment No. 3" means Amendment No. 3 to Credit Agreement dated as of May __, 2000 among the Borrower, the subsidiaries of the Borrower party thereto and the Bank, amending this Credit Agreement as then in effect.

(b) The definition of "Amendment No. 3 to Syndicated Credit Agreement" is deleted.

(c) The following definitions are replaced in their entirety to read as follows:

"Pledgors" means the Persons executing Pledge Agreements pursuant to Section 4.02;

"Syndicated Credit Agreement" means that certain Amended and Restated Credit Agreement dated as of May 2, 2000 among the Borrower, certain subsidiaries of the Borrower, as Guarantors, the lenders parties thereto and the Bank, as Agent for such lenders, together with all amendments and modifications thereto and replacements therefor;

"Termination Date" means February 28, 2002.

SUBPART 2.2 Amendment to Section 3.05. Section 3.05 of the Existing Credit Agreement is hereby amended by replacing the first sentence thereof with the following:

The representations and warranties contained in Sections 6.1, 6.2, 6.3, 6.6, 6.7, 6.9, 6.10, 6.12, 6.13, 6.14 and 6.15 of the Syndicated Credit Agreement, as in effect on the date of Amendment No. 3 and after giving effect to any amendment or modification to the Syndicated Credit Agreement which the Bank, acting in its capacity as the lender hereunder, has approved in a writing referring to this Credit Agreement (the "Incorporated Representations"), are hereby incorporated by reference and shall be binding on the Borrower as if set forth fully herein.

SUBPART 2.3 Amendment to Section 4.01. Section 4.01 of the Existing Credit Agreement is hereby amended by replacing the first sentence thereof with the following:

The affirmative and negative covenants contained in Sections 7.1 through 7.9 and Sections 8.1 through 8.9 of the Syndicated Credit Agreement, as in effect on the date of Amendment No. 3 and after giving effect to any amendment or modification to the Syndicated Credit Agreement which the Bank, acting in its capacity as the lender hereunder, has approved in a writing referring to this Credit Agreement (the "Incorporated Covenants"), are hereby incorporated by reference and shall be binding on the Borrower as if set forth fully herein.

SUBPART 2.4 Amendment to Section 4.02. Section 4.02 of the Existing Credit Agreement is hereby amended in its entirety to read as follows:

4.02 Additional Guaranties and Stock Pledges.

If a Subsidiary of the Borrower becomes a Material Subsidiary, then the Borrower will promptly notify the Bank thereof and cause such Material Subsidiary to:

(a) execute a guaranty agreement in a form reasonably satisfactory to the Bank (or in lieu thereof with respect to any Foreign Subsidiary which is a Material Subsidiary, the Borrower shall deliver stock certificates and a related pledge agreement evidencing the pledge of 66% of the Voting Stock of such Foreign Subsidiary, together, with undated stock transfer powers executed in blank, such pledge agreement to secure on a pari passu basis the obligations of the Credit Parties under the Credit Documents and the Indebtedness under the Syndicated Credit Agreement) (each such Subsidiary that executes a guaranty agreement pursuant to this Section 4.02(a) is referred to herein as a "Subsidiary Guarantor" and each such Foreign Subsidiary that has had 66% of its Voting Stock pledged to (or for the benefit of) the Bank is referred to herein as a "Covered Foreign Subsidiary"); and

(b) deliver such supporting resolutions, incumbency certificates, corporate formation and organizational documentation and opinions of counsel as the Bank may reasonably request.

In addition, if all Subsidiaries of the Borrower that are not Subsidiary Guarantors or Covered Foreign Subsidiaries (collectively, the "Non-Covered Subsidiaries") shall, as of any date of determination and determined on a consolidated basis, collectively account for (or have attributed to them) during the most recently ended four fiscal quarter period 20% or more of the Consolidated EBITDA or assets of the Consolidated Group (the "Threshold Requirement"), then the Borrower will promptly notify the Bank thereof and cause one or more of such Non-Covered Subsidiaries to satisfy clauses (a) and (b) above such that immediately after such Subsidiaries have become Guarantors hereunder (or, in the case of Foreign Subsidiaries, have had 66% of their Voting Stock pledged to (or for the benefit of) the Bank), the remaining Non-Covered Subsidiaries shall not exceed the Threshold Requirement.

SUBPART 2.5 New Sections 6.12 and 6.13. New Sections 6.12 and 6.13 are hereby added to the Existing Credit Agreement as follows:

6.12 The Bank hereby waives any Default or Event of Default that may have existed under this Credit Agreement from the Closing Date to the date of Amendment No. 3 solely as a result of the Credit Parties' non-compliance with Section 8.1(e) of the Incorporated Covenants. This is a one-time waiver and shall not be construed to be a waiver (a) as to future compliance with Section 8.1(e) of the Incorporated Covenants or (b) any other Default or Event of Default that may exist hereunder or hereunder.

6.13 The Bank hereby releases McQueen from its obligations set forth in that certain Guaranty Agreement dated as of February 27, 1998 in favor of the Agent.

PART III CONDITIONS TO EFFECTIVENESS

SUBPART 3.1. Amendment No. 3 Effective Date. This Amendment shall be and become effective as of the date hereof (the "Amendment No. 3 Effective Date") when all of the conditions set forth in this Subpart 3.1 shall have been satisfied, and thereafter, this Amendment No. 3 shall be known, and may be referred to, as "Amendment No. 3."

SUBPART 3.1.1. Execution of Counterparts. The Bank shall have received (including by telecopy) counterparts of this Amendment No. 3 which shall have been duly executed on behalf of the Borrower, the subsidiaries of the Borrower listed on the signature pages hereto and the Bank.

SUBPART 3.1.1. Subsidiary Guaranties. The Bank shall have received (including by telecopy) counterparts of Guaranty Agreements which shall have been duly executed on behalf of Sykes Realty, Inc. and Sykes E-Commerce Incorporated.

SUBPART 3.1.3. Legal Details, Etc. All documents executed or submitted pursuant hereto shall be reasonably satisfactory in form and substance to the Bank and its counsel prior to or by the time of closing. Prior to or by the time of closing, the Bank and its counsel shall have received all information, and such counterpart originals or such certified or other copies of such originals, as the Bank or its counsel may reasonably request, and all legal matters incident to the transactions contemplated by this Amendment No. 3 shall be reasonably satisfactory to the Bank and its counsel.

PART IV MISCELLANEOUS

SUBPART 4.1 Cross-References. References in this Amendment No. 3 to any Part or Subpart are, unless otherwise specified, to such Part or Subpart of this Amendment No. 3.

SUBPART 4.2 Instrument Pursuant to Existing Credit Agreement. This Amendment No. 3 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.

SUBPART 4.3 Credit Documents. The Borrower and the subsidiaries of the Borrower listed on the signature pages hereto hereby confirm and agree that the Credit Documents, including without limitation the Guaranty Agreements and the Notes, are, and shall continue to be, in full force and effect, and hereby ratify and confirm in all respects their obligations thereunder, except that, upon the effectiveness of, and on and after the date of, this Amendment No. 3, all references in each Credit Document to the "Credit Agreement", "thereunder", "thereof" or words of like import referring to the Existing Credit Agreement shall mean the Amended Credit Agreement.

SUBPART 4.4 Counterparts, Effectiveness, Etc. This Amendment No. 3 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.

SUBPART 4.5 Governing Law; Entire Agreement. THIS AMENDMENT NO. 3 SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NORTH CAROLINA WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PRINCIPLES THEREOF.

SUBPART 4.6 Successors and Assigns. This Amendment No. 3 shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

SUBPART 4.7 Representations and Warranties. The Borrower represents and warrants to the Bank that no Default or Event of Default has occurred and remains uncured under the Amended Credit Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 3 to be executed by their respective duly authorized officers as of the day and year first above written.

BORROWER :

SYKES ENTERPRISES, INCORPORATED

By _____

Title

SUBSIDIARIES OF THE
BORROWER :

MCQUEEN INTERNATIONAL LIMITED

By _____

Title _____

SHPS, INC.

By

Title

**DATASVAR SUPPORT AB,
STOCKHOLM SWEDEN**

By

Title

SYKES ENTERPRISES GmbH

By

Title

**SYKES ENTERPRISES INCORPORATED
HOLDINGS BV**

By

Title

SYKES ENTERPRISES INCORPORATED BV

By

Title

SYKES HOLDINGS OF BELGIUM B.V.B.A.

By _____

Title _____

BANK :

BANK OF AMERICA, N.A., formerly known
as NationsBank, N.A.

By

Title

AMENDMENT NO. 4 TO CREDIT AGREEMENT

THIS AMENDMENT NO. 4 TO CREDIT AGREEMENT (this "Amendment"), dated as of June 22, 2001, is by and among SYKES ENTERPRISES, INCORPORATED, a Florida corporation (the "Borrower"), the guarantors listed on the signature pages hereto, the other subsidiaries of the Borrower listed on the signature pages hereto and BANK OF AMERICA, N.A., a national banking association (the "Bank").

WITNESSETH:

WHEREAS, the Borrower and the Bank are parties to that certain Credit Agreement, dated as of February 27, 1998, as amended by a First Amendment to Credit Agreement dated as of October 1998, Amendment No. 2 to Credit Agreement dated as of January 18, 2000 and Amendment No. 3 to Credit Agreement dated as of May 2, 2000 (the "Existing Credit Agreement");

WHEREAS, the Foreign Subsidiary Borrowers have executed the Foreign Currency Notes pursuant to the Existing Credit Agreement;

WHEREAS, by separate guaranty agreements both dated May 2, 2000, Sykes E-Commerce Incorporated and Sykes Realty, Inc. (collectively, the "Guarantors") agreed to guaranty the Borrower's obligations under the Credit Agreement; and

WHEREAS, the Borrower and the Bank have agreed to amend the Existing Credit Agreement as set forth herein and the Guarantors and the Foreign Subsidiary Borrowers desire to acknowledge and agree to such amendment.

NOW, THEREFORE, in consideration of the agreements herein contained, the parties hereby agree as follows:

I DEFINITIONS

SECTION 1.1. Certain Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Amendment, including its preamble and recitals, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"Amended Credit Agreement" means the Existing Credit Agreement as amended hereby.

"Amendment No. 4 Effective Date" is defined in Section 3.1.

SECTION 1.2. Other Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Amendment, including its preamble and recitals, have the meanings provided in the Amended Credit Agreement.

II AMENDMENTS TO EXISTING CREDIT AGREEMENT

Effective as of the Amendment No. 4 Effective Date, the Existing Credit Agreement is hereby amended in accordance with these Sections 2.1 through 2.4. Except as so amended, the Existing Credit Agreement, the Notes and the other Credit Documents shall continue in full force and effect.

SECTION 2.1. Amendments to Section 1.01.

(a) Section 1.01 of the Existing Credit Agreement is hereby amended by inserting, in the alphabetically appropriate place, the following definition:

"Amendment No. 4" means Amendment No. 4 to Credit Agreement, dated as of June 22, 2001, among the Borrower, Sykes Realty, Inc., Sykes E-Commerce Incorporated, the other subsidiaries of the Borrower listed on the signature pages thereto and the Bank, amending this Credit Agreement as then in effect.

"Applicable Percentage" means for any day, the rate per annum set forth below opposite the applicable Consolidated Leverage Ratio then in effect, it being understood that the Applicable Percentage for (i) Base Rate Loans shall be the percentage set forth under the column "Base Rate Margin", (ii) the Letter of Credit Fee shall be the percentage set forth under the column "Eurocurrency Margin and Letter of Credit Fee" and (iii) the Commitment Fee shall be the percentage set forth under the column "Commitment Fee".

Pricing Level	Consolidated Leverage Ratio	Base Rate Margin	Letter of Credit Fee	Commitment Fee
I	> 1.75	0.50%	2.25%	0.40%
II	> 1.25 but <= 1.75	0.25%	2.00%	0.375%
III	> 0.75 but <= 1.25	0%	1.75%	0.35%
IV	> 0.25 but <= 0.75	0%	1.50%	0.325%
V	<= 0.25	0%	1.25%	0.30%

The Applicable Percentage shall be determined and adjusted quarterly on the date five (5) Business Days after the date by which the annual and quarterly compliance certificates and related financial statements and information are required in accordance with the provisions of Sections 7.1(a) and (b) and

Section 7.2(b) of the Syndicated Credit Agreement, as appropriate (each date of a rate change as described in the sentence hereafter referred to as a "Rate Determination Date"); provided that (i) the current Applicable Percentages shall be based on Pricing Level V, shall be effective on the Amendment No. 4 Effective Date and shall be adjusted as shown above based on the Consolidated Leverage Ratio; and (ii) in the event an annual or quarterly compliance certificate and the related financial statements and information are not delivered timely by the date required by the provisions of Sections 7.1(a) and (b) and Section 7.2(b) of the Syndicated Credit Agreement, as appropriate, the Applicable Percentages shall be based on Pricing Level I until such time as an appropriate compliance certificate and the related financial statements and information are delivered, whereupon the applicable Pricing Level shall be adjusted based on the information contained in such compliance certificate and related financial statements and information. The Applicable Percentage shall be effective from a Rate Determination Date until the next such Rate Determination Date. The Bank shall determine the appropriate Applicable Percentages in the pricing matrix that is based on the Consolidated Leverage Ratio promptly upon receipt of the quarterly or annual compliance certificate and related financial information and shall promptly notify the Borrower of any change thereof. Such determinations by the Bank shall be conclusive absent manifest error. Adjustments in the Applicable Percentages shall be effective as to existing extensions of credit as well as new extensions of credit made thereafter.

SECTION 2.2 Amendment to Sections 2.02 through 2.09. Sections 2.02 through 2.09 of the Existing Credit Agreement are hereby amended in their entirety to read as follows:

2.02 The Krona Advances shall be made, shall be repaid and shall bear interest in accordance with the terms of that certain Amended, Restated and Substituted Promissory Note dated June 22, 2001 executed by the Swedish Subsidiary in favor of the Bank in the original principal amount of up to 14,000,000 Krona (the "Krona Note"), as such note may be amended, modified, supplemented, extended, renewed or replaced from time to time, the terms of which are incorporated herein by reference.

2.03 The Guilder Advances shall be made, shall be repaid and shall bear interest in accordance with the terms of that certain Amended, Restated and Substituted Promissory Note dated June 22, 2001 executed by the Netherlands Subsidiaries in favor of the Bank in the original principal amount of up to 5,000,000 Guilder (the "Guilder Note"), as such note may be amended, modified, supplemented, extended, renewed or replaced from time to time, the terms of which are incorporated herein by reference.

2.04 The Belgian Francs Advances shall be made, shall be repaid and shall bear interest in accordance with the terms of that certain Amended, Restated and Substituted Promissory Note dated June 22, 2001 executed by the Belgian Subsidiary in favor of the Bank in the original principal amount of up to 5,000,000 Belgian Francs (the "Belgian Francs Note"), as such note may be amended, modified, supplemented, extended, renewed or replaced from time to time, the terms of which are incorporated herein by reference.

2.05 The Deutsche Marks Advances shall be made, shall be repaid and shall bear interest in accordance with the terms of that certain Amended, Restated and Substituted Promissory Note dated June 22, 2001 executed by the German Subsidiary in favor of the Bank in the original principal amount of up to 5,000,000 Deutsche Marks (the "Deutsche Marks Note"), as such note may be amended, modified, supplemented, extended, renewed or replaced from time to time, the terms of which are incorporated herein by reference.

2.06 The Pound Sterling Advances shall be made, shall be repaid and shall bear interest in accordance with the terms of that certain Amended, Restated and Substituted Promissory Note dated June 22, 2001 executed by McQueen in favor of the Bank in the original principal amount of up to 5,000,000 Pounds Sterling (the "Pound Sterling Note"), as such note may be amended, modified, supplemented, extended, renewed or replaced from time to time, the terms of which are incorporated herein by reference.

2.07 The Punts Advances shall be made, shall be repaid and shall bear interest in accordance with the terms of that certain Amended, Restated and Substituted Promissory Note dated June 22, 2001 executed by McQueen in favor of the Bank in the original principal amount of up to 800,000 Punts (the "Punts Note"), as such note may be amended, modified, supplemented, extended, renewed or replaced from time to time, the terms of which are incorporated herein by reference.

2.08 The French Franc Advances shall be made, shall be repaid and shall bear interest in accordance with the terms of that certain Amended, Restated and Substituted Promissory Note dated June 22, 2001 executed by McQueen in favor of the Bank in the original principal amount of up to 20,000,000 French Francs (the "French Francs Note"), as such note may be amended, modified, supplemented, extended, renewed or replaced from time to time, the terms of which are incorporated herein by reference.

2.09 The Dollar Advances shall be made, shall be repaid and shall bear interest in accordance with the terms of that certain Amended, Restated and Substituted Promissory Note dated June 22, 2001 executed by the Borrower in favor of the Bank in the original principal amount of up to \$15,000,000 (the "Dollar Note"), as such note may be amended, modified, supplemented, extended, renewed or replaced from time to time, the terms of which are incorporated herein by reference.

SECTION 2.3 Amendment to Section 2.13(i). Section 2.13(i) of the Existing Credit Agreement is hereby amended in its entirety to read as follows:

(i) The Borrower shall pay the Bank a fee at a rate per annum equal to the Applicable Percentage on the undrawn amount of each Letter of Credit, such fee to be payable quarterly in arrears;

SECTION 2.4 Addition of Section 2.14. A new Section 2.14 is hereby added to the Existing Credit Agreement to read as follows:

Section 2.14 Commitment Fee. In consideration of the Bank's commitments hereunder, the Borrower agrees to pay to the Bank a commitment fee (the "Commitment Fee") equal to the Applicable

Percentage per annum on the average daily unused amount of the aggregate Revolving Loan Committed Amount for the applicable period. The Commitment Fee shall accrue from the Amendment No. 4 Effective Date and shall be payable quarterly in arrears on the 15th day following the last day of each calendar quarter for the immediately preceding quarter (or portion thereof) beginning with the first such date to occur after the Amendment No. 4 Effective Date.

SECTION 2.5 Amendment to Section 3.05. Section 3.05 of the Existing Credit Agreement is hereby amended by replacing the first sentence thereof with the following:

The representations and warranties contained in Sections 6.1, 6.2, 6.3, 6.6, 6.7, 6.9, 6.10, 6.12, 6.13, 6.14 and 6.15 of the Syndicated Credit Agreement, as in effect on the date of Amendment No. 4 and after giving effect to any amendment or modification to the Syndicated Credit Agreement which the Bank, acting in its capacity as the lender hereunder, has approved in a writing referring to this Credit Agreement (the "Incorporated Representations"), are hereby incorporated by reference and shall be binding on the Borrower as if set forth fully herein.

SECTION 2.6 Amendment to Section 4.01. Section 4.01 of the Existing Credit Agreement is hereby amended by replacing the first sentence thereof with the following:

The affirmative and negative covenants contained in Sections 7.1 through 7.9 and Sections 8.1 through 8.9 of the Syndicated Credit Agreement, as in effect on the date of Amendment No. 4 and after giving effect to any amendment or modification to the Syndicated Credit Agreement which the Bank, acting in its capacity as the lender hereunder, has approved in a writing referring to this Credit Agreement (the "Incorporated Covenants"), are hereby incorporated by reference and shall be binding on the Borrower as if set forth fully herein.

III CONDITIONS TO EFFECTIVENESS

SECTION 3.1. Amendment No. 4 Effective Date. This Amendment shall be and become effective as of the date hereof (the "Amendment No. 4 Effective Date") when all of the conditions set forth in this Section 3.1 shall have been satisfied, and thereafter, this Amendment No. 4 shall be known, and may be referred to, as "Amendment No. 4."

SECTION 3.1.1. Execution of Counterparts. The Bank shall have received (including by telecopy) counterparts of this Amendment No. 4 which shall have been duly executed on behalf of the Borrower, the Guarantors, the other subsidiaries of the Borrower listed on the signature pages hereto and the Bank.

SECTION 3.1.2. Legal Details, Etc. All documents executed or submitted pursuant hereto shall be reasonably satisfactory in form and substance to the Bank and its counsel prior to or by the time of closing. Prior to or by the time of closing, the Bank and its counsel shall have received all information, and such counterpart originals or such certified or other copies of such originals, as the Bank or its counsel may reasonably request, and all legal matters incident to the transactions contemplated by this Amendment No. 4 shall be reasonably satisfactory to the Bank and its counsel.

IV MISCELLANEOUS

SECTION 4.1. Representations and Warranties. The Borrower hereby represents and warrants to the Bank that, after giving effect to this Amendment,

(a) no Default or Event of Default exists under the Amended Credit Agreement or any of the other Credit Documents and (b) the representations and warranties incorporated pursuant to Section 3.05 of the Amended Credit Agreement are, subject to the limitations set forth therein, true and correct in all material respects as of the date hereof (except for those which expressly relate to an earlier date).

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. Credit Documents. The Borrower, the Guarantors and the other subsidiaries of the Borrower listed on the signature pages hereto hereby confirm and agree that the Credit Documents are, and shall continue to be, in full force and effect, and hereby ratify and confirm in all respects their obligations thereunder, except that, upon the effectiveness of, and on and after the date of this Amendment, all references in each Credit 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. Counterparts, Effectiveness, 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. Delivery of executed counterparts of this Amendment by telecopy shall be effective as an original and shall constitute a representation that an original shall be delivered.

SECTION 4.6. Governing Law; Entire Agreement. THIS AMENDMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NORTH CAROLINA WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PRINCIPLES THEREOF.

SECTION 4.7. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

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

BORROWER :

SYKES ENTERPRISES, INCORPORATED

By: _____
Name: _____
Title: _____

GUARANTORS :

SYKES REALTY, INC.

By: _____
Name: _____
Title: _____

SYKES E-COMMERCE INCORPORATED

By:

Name:

Title:

SUBSIDIARIES OF THE BORROWER:

**DATASVAR SUPPORT AB,
STOCKHOLM SWEDEN**

By:

Name:

Title:

SYKES ENTERPRISES GmbH

By:

Name:

Title:

**SYKES ENTERPRISES INCORPORATED
HOLDINGS BV**

By:

Name:

Title:

SYKES ENTERPRISES INCORPORATED BV

By:

Name:

Title:

SYKES HOLDINGS OF BELGIUM B.V.B.A.

By:

Name:

Title:

BANK:

BANK OF AMERICA, N.A., formerly known
as NationsBank, N.A.

By: -----

Name: -----

Title: -----

EXHIBIT 10.35

EMPLOYMENT SEPARATION AGREEMENT

THIS EMPLOYMENT SEPARATION AGREEMENT (this "Agreement") is made and entered into as of the 5th day of July, 2001, by and between SYKES ENTERPRISES, INCORPORATED, a Florida corporation ("Company"), and JAMES E. LAMAR, an individual ("Employee").

RECITALS:

- A. Pursuant to that certain Employment Agreement dated July 31, 2000, by and between Company and Employee (the "Employment Agreement"), Employee is currently employed by Company as an executive officer of Company.
- B. The parties have agreed to end the Employee's employment with Company.
- C. Employee and Company have reached agreement on the terms of Employee's departure, and both parties view their separation as amicable.

NOW, THEREFORE, in consideration of the premises and covenants contained in this Agreement, the parties hereto, intending to be legally bound, agree as follows:

- 1. Recitals. The above recitals are true and correct and are made a part hereof.
- 2. Termination of Employment Agreement. Company and Employee hereby agree that, except as specifically provided in this Agreement, the Employment Agreement is terminated effective as of the date hereof, and except as set forth in Section 5 below and except as otherwise specifically provided in this Agreement, neither Company nor Employee shall have any further rights, obligations, or duties under the Employment Agreement as of the date hereof.
- 3. Separation Payments. In consideration of Employee's agreement to the terms of this Agreement, Company will pay Employee the following amounts (the "Separation Payments"):
 - a. For the period beginning on the date hereof through July 30, 2003 (the "Post-Employment Period"), Company will pay to Employee an amount equal to the Liquidated Damages amount of \$2,230.77 per week as set forth on Exhibit A to the Employment Agreement. Such Liquidated Damages amount shall be paid in bi-weekly payments of \$4,461.54, subject to applicable tax withholding as W-2 income and reported in accordance therewith, such first payment to be made on the next regularly scheduled day for corporate payroll following the eighth (8th) day after the date Employee executes this Agreement.
 - b. For the period beginning on the date hereof through July 30, 2003 (the "Non-Compete Period"), Company will pay to Employee an amount equal to the Non-Compete Payments of \$2,230.77 per week as set forth on Exhibit A to the Employment Agreement. Such Non-Compete Payments shall be paid for the duration of the Non-Compete Period in bi-weekly payments of \$4,461.54, subject to applicable tax withholding as W-2 income and reported in accordance therewith, such first payment to be made on the next regularly scheduled day for corporate payroll following the eighth (8th) day after the date Employee executes this Agreement.
 - c. On the eighth (8th) day following the date Employee executes this Agreement, Company shall pay to Employee, in a lump sum, SIXTEEN THOUSAND THREE HUNDRED AND FORTY Dollars and 61/100 (\$16,340.61), less applicable tax withholdings, representing the dollar value of all of Employee's accrued but unused vacation as of the date hereof.
 - d. As promptly as practicable following the execution of this Agreement, and in no event later than the eighth (8th) day following the date Employee executes this Agreement, the Company will, in accordance with the Company's standard expense reimbursement policies, reimburse Employee for all appropriately documented travel and other Company expense items submitted by Employee for reimbursement. Thereafter, the Company will, in accordance with the Company's standard expense reimbursement policies, promptly reimburse

Employee for any additional Company expenses appropriately incurred by Employee during his employment with the Company as credit card and other charges are received by Employee and submitted to the Company with appropriate documentation for reimbursement.

4. Continuation of Benefits. In accordance with the provisions of the Consolidated Omnibus Reconciliation Act of 1986 ("COBRA"), the Company is required to advise Employee that upon separation of service, Employee (and his spouse) 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 and his spouse by Company 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. In the event Employee timely makes such election, beginning on the date hereof and continuing for the first six (6) months of the Post Employment Period, Company shall cover the cost to Employee to obtain such COBRA benefits. Upon expiration of the first six (6) months of the Post Employment Period, Employee must make any required payments to maintain the benefits of COBRA, absent which such benefits will terminate. Notwithstanding the foregoing, in the event that Employee obtains full-time employment prior to the expiration of the first six (6) months of the Post-Employment Period, then Company's obligation to provide the benefits described in this Section 4 shall terminate upon the first day on which Employee would be eligible to receive benefits from his new employer. Additionally, the Company acknowledges that it provided certain tax equalization benefits to Employee pursuant to the Company's Expatriate Assistance program during Employee's assignment in Amsterdam, The Netherlands. A copy of the tax equalization benefit is attached as Exhibit "A." Provided that the Employee files his Dutch and U.S. tax returns within the time periods provided by law, the tax equalization benefits accruing to Employee due to his assignment in Amsterdam, shall survive the Employee's separation from employment with the Company.

5. Survival of Certain Provisions of Employment Agreement. Notwithstanding anything to the contrary set forth in this Agreement, Section 4 and Section 5 of the Employment Agreement shall continue to remain in full force and effect in accordance with the terms thereof, and Employee shall continue to be bound by the terms thereof (as well as by any other terms of the Employment Agreement relating to the enforceability and construction of said Sections 4 and 5), subject to the following:

a. The obligations of Employee under Section 5 of the Employment Agreement shall continue until the expiration of twenty-four (24) months after the date Employee executes this Agreement.

b. Notwithstanding anything set forth in the Employment Agreement, but subject to Section 5(c) and 5(d) below, Employee shall not be limited in his ability to accept employment with, consult with, or otherwise be associated with in any capacity, any corporation, partnership, firm or other business organization that is not a direct competitor of the core outsourcing business, consisting of customer care, technical support and call center management, of the Company substantially as such business is conducted on the date hereof (the "Core Business"), nor shall Employee be limited in his ability to deal with any customers or clients of the Company or its subsidiaries so long as such dealings (i) are not in, and would not result in, direct competition with the Core Business, and (ii) do not otherwise violate Section 5(c) below. Other than as specifically set forth in this Agreement, the Company shall not be obligated to pay any additional compensation as a condition to Employee's continuing obligation to comply with Section 5 of the Employment Agreement.

c. In addition to the provisions of Section 5 of the Employment Agreement, Employee hereby agrees that he will not, at any time during the period of twenty-four (24) months after the date Employee executes this Agreement, provide or solicit the opportunity to provide any services that would be in direct competition with the Core Business to any persons or entities who, at any time prior to the expiration of the period of twenty-four (24) months after the date Employee executes this Agreement, are or were customers or clients of Company or its subsidiaries. Additionally, Employee hereby agrees that he will not, at any time during the period of twenty-four (24) months after the date Employee executes this Agreement, provide or solicit the opportunity to provide to any Qualified Customer (as defined below) the types of products or services that the Company or its subsidiaries provide, provided, or proposed to provide as part of its Core Business to any such Qualified Customer at any time during Employee's employment by the Company. For purposes hereof, the term "Qualified Customer" means any person or entity who or which was a customer or client of the Company at any time during Employee's employment by the Company, as well as any prospective customer or client with which the Company has had, at any

time during the 6-month period prior to the date of this Agreement, substantive discussions regarding the possible provision of services by the Company.

d. In addition to the provisions of Section 5 of the Employment Agreement, Employee hereby agrees that he will not, at any time during the period of twenty-four (24) months after Employee executes this Agreement, retain or attempt to retain, directly or indirectly, for himself or for any other person or entity, the services of any person who is an employee of the Company or any subsidiary thereof on the date of this Agreement or at any time during such twenty-four (24) month period, unless Employee first obtains the written consent of the Company (which consent will not be unreasonably withheld).

6. Waiver and Release. In consideration of the obligations and duties of Company set forth herein, Employee agrees as follows:

a. Employee hereby knowingly and voluntarily waives, releases and forever discharges Company from any and all claims, demands, damages, lawsuits, obligations, promises, and causes of action, both known and unknown, whether now existing or arising in the future, at law or in equity, relating to or arising out of Employee's employment with Company, the Employment Agreement, the Deferred Compensation Plan, compensation by Company, or separation of employment from Company.

b. Employee shall not disclose, either directly or indirectly, any information whatsoever regarding any of the terms or the existence of this Agreement to any person or organization, including but not limited to members of the press and media, present and former employees of Company, and persons or companies who do business with Company. The only exceptions to Employee's promise of confidentiality herein is that Employee may reveal such terms of this Agreement (i) as is necessary to comply with a request made by the Internal Revenue Service; (ii) as otherwise compelled by a court or agency of competent jurisdiction; (iii) as required by law; (iv) as is necessary to comply with requests from Employee's accountants, attorneys, financial advisors, or other professional advisors for legitimate business purposes or personal financial planning, (v) to his immediately family members solely for personal planning purposes (provided that such immediate family members undertake to maintain the complete confidentiality of this Agreement), or (vi) when and if this Agreement is included by the Company as a part of a securities law filing that is actually filed with the Securities and Exchange Commission.

c. Employee agrees to release and forever discharge by this Agreement the Company 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 resignation from the Company. Employee specifically releases claims under all applicable state and federal laws, including but not limited to, Title VII of the Civil Rights Act of 1964 as amended, the 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.

d. 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.ss.626(f):

i. I, James E. Lamar, was over 40 years of age when I resigned 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 severance benefits to which I was not otherwise entitled. I am waiving and releasing all claims against the Company 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 continued compensation as specified in Section 3 hereof in exchange for the release and waiver of all claims that I am agreeing to herein. This continued compensation is in addition to anything of value to which I am already entitled in that I am receiving this continued compensation without having to perform services of an equal value.

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. No payments will be made to me until after the seven-day revocation period expires.

7. Employment Recommendations; Non-disparagement. Company hereby agrees that, in the event that a future prospective employer of Employee seeks information from Company regarding the competence, experience, or abilities of Employee, Company shall follow its standard human resource guidelines, policies, and practices with respect to such inquiry. In addition, the parties shall each refrain from making any written or oral statement or taking any action, directly or indirectly, which the parties know or reasonably should know to be disparaging or negative concerning Company or Employee, except as required by law. The parties hereto shall also refrain from suggesting to anyone that any written or oral statements be made which the parties know or reasonably should know to be disparaging or negative concerning Company or Employee, or from urging or influencing any person to make any such statement. This provision shall include, but not be limited to, the requirement that the parties refrain from expressing any disparaging or negative opinions concerning Company or Employee, Employee's resignation from Company, any of Company's officers, directors, or employees, or other matters relative to Company's reputation as an employer or any other matters relative to Employee's reputation as an employee or executive. Company's and Employee's promises in this subsection, however, shall not apply to any judicial or administrative proceeding in which Employee or Company is a party or in which Employee or Company has been subpoenaed to testify under oath by a government agency or by any third party.

8. Resignation From Offices and Directorships. Employee hereby resigns, effective as of the date hereof, from all offices, directorships, and trusteeships which Employee holds with Company and any subsidiary or affiliate of Company.

9. Securities Matters. For a period of 90 days following the date hereof, Employee shall be subject to the conditions, restrictions, and requirements applicable to executive officers of Company with respect to any purchase, sale, transfer, disposition, or other transaction involving the common stock of Company and shall not engage in any such transaction in violation of such conditions, restrictions, or requirements.

10. Litigation Cooperation. Beginning on the date of this Agreement and continuing at all times hereafter, Employee and Company shall, without any additional compensation except as provided herein, provide each other with full cooperation and reasonable assistance in connection with Company's defense of (i) any litigation against Company, its officers, its subsidiaries, or its affiliates pending as of the date hereof or (ii) any other litigation against Company, 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 Company. Employee shall at all times promptly be reimbursed by the Company 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 after the Post-Employment Period, 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 under the Employment Agreement as of the date hereof. Such cooperation and assistance shall include, but not be limited to, access for research, being available for consultation, for deposition and trial testimony, and for availability and execution of discovery-related documents such as interrogatories, affidavits, requests for production,

requests for admissions, and responses to each, as deemed necessary. Employee and Company 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. Company hereby agrees that nothing set forth in this Agreement shall be construed as limiting, adversely affecting, or altering Employee's indemnification rights under the Company's Articles of Incorporation and/or bylaws and under the Florida Business Corporation Act. The Company further agrees that it will take no steps to limit or affect adversely any indemnification rights currently available to the Employee and that the Company will maintain throughout the Post-Employment Period in full force and effect for the benefit of Employee officer and director liability insurance no less favorable in terms or amount than that currently in place for the Company and its officers and directors in such manner to cover for the Employee all periods during which Employee served as an officer, director or employee of the Company.

11. Miscellaneous.

- a. In the event any provision of this Agreement is found to be unenforceable, void, invalid or unreasonable in scope, such provision shall be modified to the extent necessary to make it enforceable, and as so modified, this Agreement shall remain in full force and effect.
- b. The paragraph headings in this Agreement are for convenience only and do not form any part of or affect the interpretation of this Agreement.
- c. This Agreement may be executed in counterparts, each of which shall be deemed an original of this Agreement and all of which, when taken together, shall be deemed to constitute one and the same Agreement.
- d. The waiver by any party of a breach of any condition of this Agreement by the other party shall not be construed as a waiver of any subsequent breach. No waiver of any right hereunder shall be effective unless in writing and signed by the party against whom the waiver is sought to be enforced.
- e. The rights and obligations of the parties under this Agreement shall inure to the benefit of, and shall be binding upon, their respective heirs, executors, administrators, successors, assigns, subsidiaries, affiliates, directors, officers, employees, representatives and agents, as applicable.
- f. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes any previous employment agreements or contracts, whether written or oral, between Company and Employee.
- g. This Agreement shall be construed under, and governed by, the laws of the State of Florida.
- h. Employee and Company acknowledge that each has had the opportunity to read, study, consider and deliberate upon this Agreement, and to consult with legal counsel, and both parties fully understand and are in complete agreement with all of the terms of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

COMPANY:

EMPLOYEE:

SYKES ENTERPRISES, INCORPORATED

JAMES E. LAMAR

By:

John H. Sykes, Chairman of the Board

James E. Lamar, individually

Date: July 5, 2001

Date: July 5, 2001

EXHIBIT 15

July 30, 2001

Board of Directors
Sykes Enterprises, Incorporated
100 N. Tampa Street
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 consolidated financial information of Sykes Enterprises, Incorporated and subsidiaries for the periods ended June 30, 2001, as indicated in our report dated July 30, 2001; 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, 2001, is incorporated by reference in Registration Statement Nos. 333-23681, 333-76629, and 333-88359 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

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