SYKES ENTERPRISES INC

FORM 10-Q/A
(Amended Quarterly Report)

Filed 11/20/00 for the Period Ending 06/30/00

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

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Filed 11/20/2000 For Period Ending 6/30/2000

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

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q/A-2

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934 for the quarterly period ended June 30, 2000

[ ] 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.

[X] 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 14, 2000, there were 41,366,153 shares of common stock outstanding.

The Exhibit Index Appears on Page 20

Explanatory Note

On October 30, 2000, Sykes Enterprises, Incorporated ("Sykes") announced the completion of a comprehensive review of its software recognition accounting practices for all significant software licensing arrangements and service contracts with respect to the years ended December 31, 1998 and 1999, and for the nine months ended September 30, 2000. As a result of that review, Sykes determined that the accounting for eight clients' contracts required revision. Sykes determined that revenue that had been recognized should have been recognized either as payments came due, upon completion of all services required under the arrangements or upon the satisfaction of any contingency. Accordingly, Sykes has restated its financial statements for the years ended December 31, 1998 and 1999, and for the six months ended June 30, 2000.

This Form 10-Q/A-2 includes such restated financial statements and related notes thereto for the six months ended June 30, 2000, and other information related to such restated financials statements. Except for Items 1 and 2 of Part I and Exhibit 27.1, no other information included in the original report on Form 10-Q/A is amended by this Form 10-Q/A-2.

PART I

ITEM 1 - FINANCIAL STATEMENTS

SYKES ENTERPRISES, INCORPORATED
CONSOLIDATED BALANCE SHEETS

	DECEMBER 31, 1999 (Restated)	JUNE 30, 2000 (Restated) (Unaudited)
ASSETS		
Current assets		
Cash and cash equivalents	$ 31,001,354	$ 96,458,337
Restricted cash	15,108,523	--
Receivables	126,476,947	135,449,849
Prepaid expenses and other current assets	15,252,307	16,694,254
Total current assets	187,839,131	248,602,440
Property and equipment, net	134,755,878	144,035,025
Marketable securities	199,875	199,875
Intangible assets, net	76,830,977	14,492,748
Deferred charges and other assets	19,769,980	20,902,752
	$ 419,395,841	$ 428,232,840
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Current installments of long-term debt	$ 3,236,451	$ 165,475
Accounts payable	37,409,955	39,160,724
Income taxes payable	932,158	19,620,867
Accrued employee compensation and benefits	24,205,591	27,859,257
Customer deposits	11,820,739	--
Other accrued expenses and current liabilities	17,159,191	17,715,069
Total current liabilities	94,764,085	104,521,392
Long-term debt	80,052,717	10,158,491
Deferred grants	21,198,709	24,890,910
Deferred revenue	26,593,100	51,193,698
Other long-term liabilities	1,400,466	1,724,391
Total liabilities	224,009,077	192,488,882
Commitments and contingencies		
Shareholders' equity		
Preferred stock, $0.01 par value, 10,000,000 shares authorized; no shares issued and outstanding	--	--
Common stock, $0.01 par value, 200,000,000 shares authorized; 42,734,284 and 43,036,153 issued	427,343	430,362
Additional paid-in capital	155,022,390	157,875,285
Retained earnings	45,797,226	107,392,011
Accumulated other comprehensive income	(5,860,195)	(13,754,760)
	195,386,764	251,942,898
Treasury stock at cost; 1,000,000 shares (none in 1999)	--	(16,198,940)
Total shareholders' equity	195,386,764	235,743,958
	$ 419,395,841	$ 428,232,840

See accompanying notes to consolidated financial statements.

SYKES ENTERPRISES, INCORPORATED
CONSOLIDATED STATEMENTS OF INCOME
SIX AND THREE MONTHS ENDED JUNE 30, 1999 AND 2000
(Unaudited)

	SIX MONTHS ENDED JUNE 30,		THREE MONTHS ENDED JUNE 30,	
	1999	2000	1999	2000
	(Restated)	(Restated)	(Restated)	(Restated)
Revenues	$ 272,341,898	$ 317,178,684	$ 135,963,993	$ 155,866,768
Operating expenses				
Direct salaries and related costs	172,184,824	200,816,736	88,937,915	98,605,490
General and administrative	74,043,367	92,303,720	37,766,576	45,388,644
Compensation expense associated with exercise of options	--	7,835,679	--	7,835,679
Restructuring and other charges	--	9,640,000	--	9,640,000
Total operating expenses	246,228,191	310,596,135	126,704,491	161,469,813
Income (loss) from operations	26,113,707	6,582,549	9,259,502	(5,603,045)
Other expense				
Interest, net	(1,535,254)	(2,328,291)	(876,410)	(1,092,559)
Gain on sale of equity interest in SHPS	--	84,036,465	--	84,036,465
Other	97,080	131,654	13,128	132,554
Total other income (expense)	(1,438,174)	81,839,828	(863,282)	83,076,460
Income before income taxes	24,675,533	88,422,377	8,396,220	77,473,415
Provision for income taxes	9,549,017	26,827,592	3,248,923	22,579,592
Net income	$ 15,126,516	$ 61,594,785	$ 5,147,297	$ 54,893,823
Net income per share				
Basic	$ 0.36	$ 1.46	$ 0.12	$ 1.31
Diluted	$ 0.35	$ 1.45	$ 0.12	$ 1.30
Weighted average shares outstanding				
Basic	41,770,792	42,318,639	42,082,738	42,031,075
Diluted	42,960,598	42,522,409	43,096,854	42,098,349

See accompanying notes to consolidated financial statements.

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

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total
Balance at January 1, 1999, restated	41,451,905	$414,519	$136,199,748	$ 23,894,815	$ (1,407,760)	--	$ 159,101,322
Issuance of common stock	829,292	8,293	2,886,640	--	--	--	2,894,933
Net income, restated	--	--	--	15,126,516	--	--	15,126,516
Foreign currency translation adjustment	--	--	--	--	(5,139,280)	--	(5,139,280)
Comprehensive income							9,987,236
Balance at June 30, 1999 (unaudited)	42,281,197	422,812	139,086,388	39,021,331	(6,547,040)	--	171,983,491
Issuance of common stock	453,087	4,531	8,484,679	--	--	--	8,489,210
Tax-effect of non-qualified exercise of stock options	--	--	7,451,323	--	--	--	7,451,323
Net income, restated	--	--	--	6,775,895	--	--	6,775,895
Foreign currency translation adjustment	--	--	--	--	686,845	--	686,845
Comprehensive income							7,462,740
Balance at December 31, 1999, restated	42,734,284	427,343	155,022,390	45,797,226	(5,860,195)	--	195,386,764
Issuance of common stock	301,869	3,019	2,852,895	--	--	--	2,855,914
Purchase of treasury stock	--	--	--	--	--	$(16,198,940)	(16,198,940)
Net income, restated	--	--	--	61,594,785	--	--	61,594,785
Foreign currency translation adjustment	--	--	--	--	(7,894,565)	--	(7,894,565)
Comprehensive income							53,700,220
Balance at June 30, 2000 (unaudited)	43,036,153	$430,362	$157,875,285	$107,392,011	$(13,754,760)	$(16,198,940)	$ 235,743,958

See accompanying notes to consolidated financial statements.

SYKES ENTERPRISES, INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 1999 AND 2000
(Unaudited)

	1999 (Restated)	2000 (Restated)
Cash flows from operating activities		
Net income	$ 15,126,516	$ 61,594,785
Depreciation and amortization	16,388,254	19,852,667
Deferred income taxes	(1,589,808)	124,919
Gain on sale of equity interest in SHPS, Incorporated	--	(84,036,465)
Changes in assets and liabilities		
Receivables	726,110	(22,218,833)
Prepaid expenses and other current assets	(2,730,341)	(2,901,606)
Deferred charges and other assets	748,544	(199,916)
Accounts payable	(5,920,941)	(5,723,754)
Income taxes payable	2,611,520	20,938,049
Accrued employee compensation and benefits	2,966,286	6,857,227
Customer deposits, net of restricted cash	(2,277,051)	2,652,610
Other accrued expenses and current liabilities	(886,283)	1,444,809
Restructuring and other charges reserve	--	7,985,061
Deferred revenue	4,068,013	24,934,385
Other long-term liabilities	(805,407)	(1,385,301)
Net cash provided by operating activities	28,425,412	29,918,637
Cash flows from investing activities		
Capital expenditures	(30,949,736)	(34,054,827)
Proceeds from sale of equity interest in SHPS Incorporated	--	159,775,966
Purchase of marketable securities	(297,599)	--
Net cash provided by (used for) investing activities	(31,247,335)	125,721,139
Cash flows from financing activities		
Paydowns under revolving line of credit agreements	(40,000,000)	(140,500,000)
Borrowings under revolving line of credit agreements	40,000,000	68,235,436
Payments of long-term debt	(3,197,672)	(1,087,840)
Borrowings under long-term debt	--	387,202
Proceeds from issuance of stock	2,894,933	2,855,914
Proceeds from grants	4,198,335	4,020,000
Purchases of treasury stock	--	(16,198,940)
Net cash provided by (used for) financing activities	3,895,596	(82,288,228)
Adjustments for foreign currency translation	(5,139,280)	(7,894,565)
Net increase (decrease) in cash and cash equivalents	(4,065,607)	65,456,983
Cash and cash equivalents - beginning	36,348,863	31,001,354
Cash and cash equivalents - ending	$ 32,283,256	$ 96,458,337

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 1999 AND JUNE 30, 2000
(Unaudited)

Sykes Enterprises, Incorporated and consolidated subsidiaries ("Sykes" or the "Company") provides vertically integrated technology-based business solutions and services. Sykes' Business Solutions group provides professional services in e-Commerce, globalization and Customer Relationship Management (CRM) with a focus on business strategy development, solution implementation, web design, development and education, localization and program management. Sykes' Business Services group provides value-added customer support outsourcing including technical support, customer service, distribution and fulfillment. These services are delivered through multiple communication channels encompassing web, e-mail and telephony support. Sykes' Solutions and Services combination offers clients value-added end-to-end solutions. The Company's services are provided to customers on a worldwide basis throughout a wide variety of industries.

On October 30, 2000, Sykes announced the completion of a comprehensive review of its software revenue recognition accounting practices for all significant software licensing arrangements and customer support contracts regarding the recognition of revenue for the years ended December 31, 1998 and 1999, and for the nine months ended September 30, 2000. As a result of this review, Sykes determined that the accounting for eight clients' contracts required revision. Sykes determined that the revenue that had been recognized should have been recognized either as payments became due, as the related services were performed, or upon completion of all services or contractual contingencies required under the agreements. As a result, the Company's financial statements for the years ended December 31, 1998 and 1999, and as of and for the six and three months ended June 30, 2000, have been restated.

The effects of the restatements on the Company's consolidated financial statements for the six and three months ended June 30, 1999 and 2000, are as follows:

	JUNE 30, 2000
AS ORIGINALLY REPORTED:	
Total assets	$ 437,214,931
Deferred revenue	$ 49,328,384
Retained earnings	$ 113,924,499
Shareholders' equity	$ 242,276,446
AS RESTATED:	
Total assets	$ 428,232,840
Deferred revenue	$ 51,193,698
Retained earnings	$ 107,392,011
Shareholders' equity	$ 235,743,958

	SIX MONTHS ENDED JUNE 30,		THREE MONTHS ENDED JUNE 30,	
	1999	2000	1999	2000
AS ORIGINALLY REPORTED:				
Revenues	$ 270,485,530	$ 318,104,803	$ 134,107,625	$ 156,792,887
Net income	$ 13,988,562	$ 62,162,496	$ 4,009,343	$ 55,461,534
Basic net income per share	$ 0.33	$ 1.47	$ 0.10	$ 1.32
Diluted net income per share	$ 0.33	$ 1.46	$ 0.09	$ 1.32
AS RESTATED:				
Revenues	$ 272,341,898	$ 317,178,684	$ 135,963,993	$ 155,866,768
Net income	$ 15,126,516	$ 61,594,785	$ 5,147,297	$ 54,893,823
Basic net income per share	$ 0.36	$ 1.46	$ 0.12	$ 1.31
Diluted net income per share	$ 0.35	$ 1.45	$ 0.12	$ 1.30

The accompanying unaudited consolidated financial statements, as restated, have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six and three-month periods ended June 30, 2000 are not necessarily indicative of the results that may be expected for the year ending December 31, 2000. For further information, refer to the consolidated financial statements and notes thereto as of and for the year ended December 31, 1999 included in the Company's Form 10-K/A for the year ended December 31, 1999 as filed with the United States Securities and Exchange Commission ("SEC") on November 20, 2000.

NOTE 1 - ACQUISITIONS AND DISPOSITIONS

On August 20, 1999, the Company acquired all of the common stock of CompuHelpline, Inc., (d/b/a PC Answer) for approximately $340,000 consisting of $40,000 of cash and 11,594 shares of the Company's common stock. PC Answer was engaged in developing, marketing and selling prepaid technical computer support cards and services under the trademark names of PC Answer and MAC Answer. The transaction was accounted for under the purchase method of accounting with resulting goodwill being amortized over a ten-year life. Pro forma information is not presented as the operating results of PC Answer are not material to the Company's consolidated operations.

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

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

On June 30, 2000, the Company sold 93.5% of its ownership interest in SHPS, Incorporated ("SHPS") for approximately $165.5 million cash. The cash proceeds reflected in the Statement of Cash Flows for the six months ended June 30, 2000 is net of approximately $0.7 million used to retire other debt and approximately $5.0 million of cash recorded on SHPS' balance sheet on the date of sale. The sale of SHPS resulted in a gain for financial accounting purposes of approximately $84.0 million ($59.9 million net of taxes). The Consolidated Statements of Income for both the six and three months ended June 30, 2000 include the results of SHPS through June 30, 2000, its disposition date. SHPS generated revenue and net income exclusive of compensation expense associated with the exercise of options during 2000, of $35.7 million and $0.2 million for the six months ended June 30, 2000 compared to $35.5 million and $1.2 million for the six months ended June 30, 1999 and $17.6 million and $0.2 million for the three months ended June 30, 2000 compared to $17.9 million and $0.2 million for the three months ended June 30, 1999

NOTE 2 - CREDIT FACILITY

On May 2, 2000, the Company amended and restated its existing syndicated credit facility with a syndicate of lenders (the "Amended Credit Facility"). Pursuant to the terms of the Amended Credit Facility, the amount of the Company's revolving credit facility was maintained at $150.0 million. The $150.0 million Amended Credit Facility includes a $10.0 million swingline loan to be used for working capital purposes. In addition, the Company amended and restated its $15.0 million multi-currency credit facility that provides for multi-currency lending. Borrowings under the Amended Credit Facility bear interest, at the Company's option, at (a) the lender's base rate plus an applicable margin of up to .25% or (b) a Eurodollar rate plus an applicable margin of up to 1.75 %. Borrowings under the $10.0 million swingline loan bear interest, at the Company's option, at (a) the lender's base rate plus an applicable margin of up to .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 .25% or (b) a quoted Euro rate for swingline loans. The Company paid aggregate financing fees of approximately $0.3 million, which have been deferred and are being amortized over the term of the Amended Credit Agreement. In addition, a commitment fee up to .375% will be charged on the unused portion of the Amended Credit Facility on a quarterly basis. The Amended Credit Facility matures on February 28, 2003, and the multi-currency facility matures on February 28, 2002.

NOTE 2 - CREDIT FACILITY (CONTINUED)

Borrowings under the Amended Credit Facility are guaranteed by certain of the Company's subsidiaries as evidenced by a pledge of 66% of the respective subsidiary's common stock. Under the terms of the Amended Credit Facility, the Company is required to maintain certain financial ratios and other financial and non-financial conditions. The Amended Credit Facility prohibits, without the consent of the syndicated lenders, the Company from incurring additional indebtedness, limits certain investments, advances or loans and restricts substantial asset sales, capital expenditures and cash dividends.

NOTE 3 - COMMITMENTS AND CONTINGENCIES

As of August 1, 2000, the Company is aware of 14 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 were filed in the United States District court for the Middle District of Florida, and all of the actions have been consolidated into one action. The plaintiffs of these lawsuits purport to assert claims on behalf of a class of purchasers of Sykes common stock during part of 1999 and through February 4, 2000. The actions claim 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 actions allege that during 1999 and 2000, the Company and certain of its officers made materially false statements concerning the Company's financial condition and its future prospects. The complaints also claim that certain of the Company's quarterly financial statements during 1999 were not prepared in accordance with generally accepted accounting principles. The actions seek compensatory and other damages, and costs and expenses associated with the litigation.

The Company intends to defend the actions vigorously. However, the Company cannot predict the outcome of this lawsuit or the impact that 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 this lawsuit or any future lawsuits, claims, or investigations relating to the same subject matter may have a material adverse impact on the Company's financial condition and results of operations.

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

During January 2000, the Company became contingently liable for a letter of credit in the amount of $30.0 million, which guarantees performance of a contractual obligation.

NOTE 4 - ACCUMULATED OTHER COMPREHENSIVE INCOME

Sykes presents data in the Consolidated Statements of Changes in Shareholders' Equity in accordance with Statement of Financial Accounting Standard No. 130 "Reporting Comprehensive Income." This statement establishes rules for the reporting of comprehensive income and its components. Total comprehensive income (loss) was approximately $8.8 million and $53.7 million for the six months ended June 30, 1999 and 2000, respectively, and $0.7 million and $51.0 million for the three months ended June 30, 1999 and 2000, respectively. The components of other unaudited comprehensive income for the six months ended June 30, 2000 are as follows:

	Accumulated Other Comprehensive Income
Balance at December 31, 1999	$ (5,860,195)
Foreign currency translation adjustment	(7,894,565)
Balance at June 30, 2000 (unaudited)	$(13,754,760)

NOTE 4 - ACCUMULATED OTHER COMPREHENSIVE INCOME (CONTINUED)

Earnings associated with the Company's investment in its foreign subsidiaries are considered 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

During June 2000, management committed to and commenced implementation of a restructuring plan (the "Restructuring Plan"), which was designed to reduce costs and improve operating efficiencies. The significant activities included in the Restructuring Plan include (1) consolidation of certain of the Company's distribution and fulfillment operations, (2) consolidation of certain of the Company's professional staffing and consulting operations, (3) elimination of redundant property, leasehold improvements and equipment, and (4) lease termination costs associated with vacated properties and transportation equipment. Associated with the Restructuring Plan, a charge of approximately $9.6 million ($6.9 million after tax) has been recorded in the second quarter of 2000. The Company plans to reduce the number of employees by 130, of which 115 were associated with the Company's distribution and fulfillment operations and 15 were associated with the professional staffing and consulting operations. The consolidation of certain distribution and fulfillment sites and certain professional consulting offices began during June 2000 and is expected to be completed by June 1, 2001.

The major components of the restructuring and other charges recorded in the quarter ended June 30, 2000 as originally estimated are as follows:

DESCRIPTION

Severance and related costs	$1,110,000
Lease termination costs	3,564,000
Write-down of property and equipment	2,530,000
Write-down of intangible assets	1,185,000
Other	1,251,000
	$9,640,000

NOTE 6 - EARNINGS PER SHARE

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

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

	SIX MONTHS ENDED		THREE MONTHS ENDED	
	JUNE 30, 1999	JUNE 30, 2000	JUNE 30, 1999	JUNE 30, 2000
Basic:				
Weighted average common shares outstanding	41,770,792	42,318,639	42,082,738	42,031,075
Total weighted average basic shares outstanding	41,770,792	42,318,639	42,082,738	42,031,075
Diluted:				
Dilutive effect of stock options	1,189,806	203,770	1,014,116	67,274
Total weighted average diluted shares outstanding	42,960,598	42,522,409	43,096,854	42,098,349

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

The following should be read in conjunction with the Sykes Enterprises, Incorporated (the "Company") December 31, 1999, Consolidated Financial Statements, as restated, including the notes thereto. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Words such as "may", "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates", variations of such words, and similar expressions are intended to identify such forward-looking statements. Similarly, statements that describe the Company's future plans, objectives, or goals also are forward-looking statements. Future events and the Company's actual results could differ materially from the results reflected in these forward-looking statements, as a result of certain of the factors set forth below and elsewhere in this analysis.

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, customer resistance to Sykes' standardized contract for future bundled service offerings; variations in the term and the elements of services offered under Sykes' standardized contract for future bundled service offerings; changes in applicable accounting principles; difficulties or delays in implementing Sykes' bundled service offerings; failure to achieve sales, marketing, and other objectives of Sykes' strategic alliance; construction delays of new call centers; difficulties in managing growth; rapid technological change; loss of significant customers; risks inherent in conducting business abroad; currency fluctuations; changes in legislation; fluctuations in business conditions and the economy; Sykes' ability to attract and retain key management personnel; the marketplace's continued receptivity to Sykes' bundled service offering; Sykes' ability to continue the growth of its support service revenues through additional technical support centers; Sykes' ability to further penetrate into vertically integrated markets; Sykes' ability to expand its global presence through strategic alliances and selective acquisitions; Sykes' ability to expand its e-commerce service platform revenues; Sykes' ability to continue to establish a competitive advantage through sophisticated technological capabilities; Sykes' ability to complete its restructuring plan; and the risk factors listed from time to time in Sykes' registration statements and reports as filed with the Securities Exchange Commission. All forward-looking statements are made as of the date hereof, and Sykes undertakes no obligation to update any such forward-looking statements.

OVERVIEW

On June 13, 2000, the Company announced its initiatives to strategically focus its operations into two business units entitled Business Solutions and Business Services. Sykes' Business Solutions group, which represents approximately 10% of the Company's consolidated revenue, provides professional services in e-commerce, globalization and Customer Relationship Management (CRM) with a focus on business strategy development, solution implementation, web design, development and education, localization and program management. Sykes' Business Services group represents approximately 90% of the Company's consolidated revenue and is comprised of the Company's core competencies of technical and customer support, distribution and fulfillment. These services are delivered through multiple communication channels encompassing web, e-mail and telephony support. The revenue comparisons below reflect the Company's strategic focus on its operations as Business Solutions and Business Services.

RESULTS OF OPERATIONS

SIX MONTHS ENDED JUNE 30, 2000 COMPARED TO SIX MONTHS ENDED JUNE 30, 1999

For the six months ended June 30, 2000, the Company recorded consolidated revenues of $317.2 million, an increase of $44.9 million or 16.5%, from the $272.3 million of consolidated revenues for the comparable period during 1999. Exclusive of SHPS (in which 93.5% of the Company's ownership interest was sold on June 30, 2000), revenues increased $44.4 million or 18.7 % to $281.4 million for the six months ended June 30, 2000 from $237.0 million for the comparable period during 1999. This growth in revenue was the result of a $43.7 million or 17.8%

SIX MONTHS ENDED JUNE 30, 2000 COMPARED TO SIX MONTHS ENDED JUNE 30, 1999
(CONTINUED)

increase in Business Services' revenues ($43.2 million or 20.6% exclusive of SHPS) and an increase of $1.2 million or 4.5% from Business Solutions' revenues.

The increase in Business Services' revenues for the six months ended June 30, 2000 was primarily attributable to an increase in the number of technical and customer support centers providing services throughout the period, and the resultant increase in e-mail requests and telephony call volumes from clients, the licensing of the Company's diagnostic software, partially offset by a decrease from distribution and fulfillment services revenues. The new technical support centers were required as a result of continued growth of technical and customer support services from both e-commerce and telephony support services. Subsequent to the second quarter of 1999, the Company opened four domestic and four international technical support centers and significantly expanded an additional four international centers. During the six months ended June 30, 2000, the Company recognized $4.7 million of revenue associated with the licensing of the Company's AnswerTeam(TM) diagnostic software, of which $3.5 million relates to a one-year licensing agreement that was completed during the six months ended June 30, 2000, and $1.2 million relates to the pro rata recognition of revenue associated with a licensing agreement completed during 1999. The decrease in distribution and fulfillment services revenue for the six months ended June 30, 2000 was primarily attributable to a client's decision to discontinue its operations within North America.

The increase in Business Solutions' revenues was attributable to a focus on professional e-commerce services, including web design, development and program management, an increase in the average bill rate charged for consulting services and an increase in language translation and localization services. The increase in Business Solutions' revenue for the six months ended June 30, 2000 is partially offset by a $1.9 million reduction in revenue associated with the sale of the Company's Manufacturing and Distribution operations during the second quarter of 1999.

Direct salaries and related costs increased $28.6 million or 16.6% to $200.8 million for the six months ended June 30, 2000, from $172.2 million in 1999. As a percentage of revenues, direct salaries and related costs increased slightly to 63.3% in 2000 from 63.2% for the comparable period in 1999. The increase in the dollar amount was primarily attributable to a $36.1 million increase in salaries and benefits to support revenue growth and associated training costs, partially offset by a $7.3 million decrease in direct material costs associated with distribution and fulfillment services. In addition, during the six months ended June 30, 1999, the Company capitalized $0.6 million of costs related to internally developed software with no additional costs capitalized during the six months ended June 30, 2000. Exclusive of SHPS, direct salaries and related costs increased $24.6 million or 16.1% to $177.6 million or 63.1% of revenue.

General and administrative expenses increased $18.3 million or 24.7% to $92.3 million for the six months ended June 30, 2000, from $74.0 million in 1999. As a percentage of revenues, general and administrative expenses increased to 29.1% in 2000 from 27.2% for the comparable period in 1999. The increase in both the dollar amount and percentage of revenue of general and administrative expenses was primarily attributable to a $6.9 million increase in salaries and benefits to support the Company's organic growth, a $3.7 million increase in depreciation expenses associated with facility and capital equipment expenditures incurred in connection with the integration and expansion of the Company's technical and customer support services, a $2.0 million increase in telecom costs and a $6.6 million increase of other costs. Grants received in excess of property and equipment costs are recognized as a reduction of general and administrative expenses, which were $0.9 million higher during the six months ended June 30, 2000 compared to the six months ended June 30, 1999. Exclusive of SHPS, general and administrative expenses increased $21.0 million or 34.6% to $81.5 million, or 28.9% of revenue.

Compensation expense associated with the exercise of options was $7.8 million for the six 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.

SIX MONTHS ENDED JUNE 30, 2000 COMPARED TO SIX MONTHS ENDED JUNE 30, 1999
(CONTINUED)

The Company recorded restructuring and other charges of $9.6 million during the six 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.

Interest and other expense was $2.2 million during the six months ended June 30, 2000, compared to $1.4 million during the comparable 1999 period. The increase in interest and other expense for the six-month period was attributable to an overall increase in interest rates and to an increase in the Company's average outstanding debt position. The Company's average interest rate for the six months ended June 30, 2000 was 7.7% compared to 6.5% for the comparable period of 1999, resulting in an increase of interest expense of $0.5 million. The Company's average debt balance for the six months ended June 30, 2000, was $83.7 million compared to $76.7 million for the six months ended June 30, 1999. The increase in the average debt balance is principally due to capital expenditures and the Company's repurchase of 1.0 million shares of its common stock during the first quarter of 2000 that is 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).

The provision for income taxes increased $17.3 million to $26.8 million for the six months ended June 30, 2000 from $9.5 million for the comparable period in 1999. The increase in the provision for income taxes was primarily attributable to the gain associated with the sale of SHPS, partially offset by the compensation expense associated with the exercise of options and the restructuring and other charges that were incurred during the six months ended June 30, 2000. The Company's effective tax rate exclusive of the gain and one-time charges was 38.8% for the six months ended June 30, 2000 compared to 38.7% for the comparable 1999 period.

THREE MONTHS ENDED JUNE 30, 2000 COMPARED TO THREE MONTHS ENDED JUNE 30, 1999

For the three months ended June 30, 2000, the Company recorded consolidated revenues of $155.9 million, an increase of $19.9 million or 14.6%, from the $136.0 million of consolidated revenues for the comparable period during 1999. Exclusive of SHPS, revenues increased $20.2 million or 17.1% to $138.3 million for the three months ended June 30, 2000, from $118.1 million for the comparable period during 1999. This growth in revenue was the result of a $17.7 million or 14.3% increase in Business Services' revenues ($18.0 million or 17.0% exclusive of SHPS) and an increase of $2.2 million or 17.5% from Business Solutions' revenues.

The increase in Business Services' revenues for the three months ended June 30, 2000 was primarily attributable to an increase in the number of technical and customer support centers providing services throughout the period and the resultant increase in e-mail requests and telephony call volumes from clients, the licensing of the Company's diagnostic software, partially offset by a decrease from distribution and fulfillment services revenues. The new technical and customer support centers were required as a result of continued growth of technical and customer support services from both e-commerce and traditional telephony support services. Subsequent to the first six months of 1999, the Company opened four domestic and four international technical and customer support centers, and significantly expanded an additional four international centers. During the three months ended June 30, 2000, the Company recognized $4.7 million of revenue associated with the licensing of the Company's AnswerTeam(TM) diagnostic software, of which $3.5 million relates to a one-year licensing agreement that was completed during the three months ended June 30, 2000, and $1.2 million relates to the pro rata recognition of revenue associated with a licensing agreement completed during 1999. The decrease in distribution and fulfillment services revenue for the three months ended June 30, 2000 was primarily attributable to a client's decision to discontinue its operations within North America.

THREE MONTHS ENDED JUNE 30, 2000 COMPARED TO THREE MONTHS ENDED JUNE 30, 1999 (CONTINUED)

The increase in Business Solutions' revenues for the three months ended June 30, 2000, was attributable to a focus on professional e-commerce services, including web design, development and program management, an increase in the average bill rate charged for consulting services, and an increase in language translation and localization services. The increase in Business Solutions' revenue for the three months ended June 30, 2000 is partially offset by a $0.7 million reduction in revenue associated with the sale of the Company's Manufacturing and Distribution operation during the second quarter of 1999.

Direct salaries and related costs increased $9.7 million or 10.9% to $98.6 million for the three months ended June 30, 2000, from $88.9 million in 1999. As a percentage of revenues, direct salaries and related costs decreased to 63.3% in 2000 from 65.4% for the comparable period in 1999. The increase in the dollar amount was primarily attributable to a $15.4 million increase in salaries and benefits to support revenue growth and associated training costs, partially offset by a $5.7 million decrease in direct material costs associated with distribution and fulfillment services. Exclusive of SHPS, direct salaries and related costs increased $8.8 million or 11.2% to $87.3 million or 63.1% of revenue. The decrease as a percentage of revenue resulted from economies of scale associated with spreading costs over a larger revenue base.

General and administrative expenses increased $7.6 million or 20.2% to $45.4 million for the three months ended June 30, 2000, from $37.8 million in 1999. As a percentage of revenues, general and administrative expenses increased to 29.1% in 2000 from 27.8% for the comparable period in 1999. The increase in the dollar amount of general and administrative expenses was primarily attributable to a $2.3 million increase in salaries and benefits to support the Company's organic growth, a $2.6 million increase in depreciation expenses associated with facility and capital equipment expenditures incurred in connection with the integration and expansion of the Company's technical and customer support, a $1.1 million increase in telecom costs and a $2.5 million increase of other costs. Grants received in excess of property and equipment costs are recognized as a reduction of general and administrative expenses, which were $0.9 million higher during the three months ended June 30, 2000 compared to the three months ended June 30, 1999. Exclusive of SHPS, general and administrative expenses increased $8.2 million or 25.5% to $40.2 million, or 29.0% of revenue.

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.

Interest and other expense was $1.0 million during the three months ended June 30, 2000, compared to $0.9 million during the comparable 1999 period. The increase in interest and other expense for the three-month period was attributable to an increase in interest rates and to an increase in the Company's average outstanding debt position. The Company's average interest rate for the second quarter of 2000 was 7.6% compared to 6.6% for the comparable period of 1999, resulting in an increase of interest expense of $0.2 million. The Company's average debt balance for the second quarter of 2000 was $90.3 million compared to $78.0 million for the second quarter of 1999. The increase in the average debt balance is principally due to capital expenditures and the Company's repurchase of 1.0 million shares of its common stock during the first quarter that is being held as treasury shares.

THREE MONTHS ENDED JUNE 30, 2000 COMPARED TO THREE MONTHS ENDED JUNE 30, 1999
(CONTINUED)

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).

The provision for income taxes increased $19.3 million to $22.6 million for the three months ended June 30, 2000 from $3.2 million for the comparable period in 1999. The increase in the provision for income taxes was primarily attributable to the gain associated with the sale of SHPS, partially offset by the compensation expense associated with the exercise of options and the restructuring and other charges that were incurred during the three months ended June 30, 2000. The Company's effective tax rate exclusive of the gain and one-time charges was 38.8% for the three months ended June 30, 2000 compared to 38.7% for the comparable 1999 period.

LIQUIDITY AND CAPITAL RESOURCES

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

During the six months ended June 30, 2000, the Company generated approximately $29.9 million in cash from operations. The Company utilized these funds and a portion of the cash generated from the sale of 93.5% of its interest in SHPS to fund repayments under its credit facility, to fund the purchase of $16.2 million of common stock being held in treasury and $34.1 million of capital expenditures. The purchase of the shares of the Company's common stock was in connection with a stock repurchase program announced in February 2000. During July 2000, the Company announced an additional stock repurchase program for up to two million shares. The capital expenditures were predominately the result of the Company's enhancement of its initiatives including the integration and expansion of the Company's technical and customer support centers.

On May 2, 2000, the Company amended and restated its existing syndicated credit facility with a syndicate of lenders (the "Amended Credit Facility"). Pursuant to the terms of the Amended Credit Facility, the amount of the Company's revolving credit facility was maintained at $150.0 million. The $150.0 million Amended Credit Facility includes a $10.0 million swingline loan to be used for working capital purposes. In addition, the Company amended and restated its $15.0 million multi-currency credit facility that provides for multi-currency lending. Borrowings under the Amended Credit Facility bear interest, at the Company's option, at (a) the lender's base rate plus an applicable margin of up to .25% or (b) a Eurodollar rate plus an applicable margin of up to 1.75 %. Borrowings under the $10.0 million swingline loan bear interest, at the Company's option, at (a) the lender's base rate plus an applicable margin of up to .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 .25% or (b) a quoted Euro rate for swingline loans. The Company paid aggregate financing fees of approximately $0.3 million, which have been deferred and are being amortized over the term of the Amended Credit Agreement. In addition, a commitment fee up to .375% will be charged on the unused portion of the Amended Credit Facility on a quarterly basis. The Amended Credit Facility matures on February 28, 2003, and the multi-currency facility matures on February 28, 2002. At June 30, 2000, the Company had $154.8 million of availability under its credit facilities.

LIQUIDITY AND CAPITAL RESOURCES (continued)

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 working capital needs, continued expansion objectives, anticipated levels of capital expenditures and debt repayment requirements, including those that may be required pursuant to the integration of its acquisitions, 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.

The Company's exposure to interest rate risk results from its variable rate debt outstanding under its credit facilities. At June 30, 2000, the Company had $10.2 million in debt outstanding at variable interest rates, which is generally equal to the Eurodollar rate plus an applicable margin. Based on the Company's level of variable rate debt during the first six months of 2000, a one-point increase in the weighted average interest rate would increase the Company's annual interest expense by approximately $0.9 million. Under its current policy, the Company does not use derivative instruments to manage its exposure to changes in interest rates.

IMPACT OF YEAR 2000

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

FLUCTUATIONS IN QUARTERLY RESULTS

For the year ended December 31, 1999, quarterly revenues as a percentage of total annual revenues were approximately 24%, 23%, 25% and 28%, 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 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 distribution and fulfillment services.

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 for the year ended December 31, 1999, filed March 29, 2000. Since March 29, 2000, 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 action described below.

As of August 1, 2000, the Company is aware of 14 purported class action lawsuits that have been filed against Sykes and certain of its executive officers alleging violations of federal securities law. All of the actions were filed in the United States District court for the Middle District of Florida, and all of the actions have been consolidated into one action. Although the Company intends to defend this lawsuit vigorously, the Company cannot predict the outcome of this lawsuit or the impact that this lawsuit or any other suits, claims, or investigations relating to the same subject matter may have on the Company's liquidity or financial condition.

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:

10.24	Amended and Restated Credit Agreement among Sykes Enterprises, Incorporated and Bank of America, NA, dated May 2, 2000. (1)
10.25	Termination of Aircraft Lease Agreement between JHS Leasing of Tampa, Inc. as lessor and Sykes Enterprises, Incorporated as lessee dated June 30, 2000. (2)
27.1	Financial Data Schedule

(1) Filed as an Exhibit to the Registrant's Form 10-Q dated June 30, 2000, on August 14, 2000, and incorporated herein by reference.

(2) Filed as an Exhibit to the Form 10-Q/A dated June 30, 2000, on August 15, 2000, and incorporated herein by reference.

(b) Reports on Form 8-K

The Registrant filed a Form 8-K, dated June 30, 2000, on July 17, 2000, reporting under Item 2 and Item 7 the sale of a 93.5% ownership interest in SHPS, Incorporated.

SYKES ENTERPRISES, INCORPORATED
FORM 10-Q/A-2
FOR THE QUARTER ENDED JUNE 30, 2000

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: November 17, 2000	*By: /s/ W. Michael Kipphut*
-----------------------	*-------------------------------*
	W. Michael Kipphut
	Vice President and Chief Financial Officer
	(Principal Financial and Accounting Officer)

EXHIBIT INDEX

Exhibit
Number

ARTICLE 5

This schedule contains summary consolidated financial information extracted from the Company's Form 10-Q/A-2 for the six-month period ended June 30, 2000 and is qualified in its entirety by reference to such Form 10-Q/A-2.

PERIOD TYPE	6 MOS
FISCAL YEAR END	DEC 31 2000
PERIOD START	JAN 01 2000
PERIOD END	JUN 30 2000
CASH	96,458,337
SECURITIES	0
RECEIVABLES	143,980,362
ALLOWANCES	2,312,322
INVENTORY	0
CURRENT ASSETS	254,820,631
PP&E	264,708,073
DEPRECIATION	120,673,048
TOTAL ASSETS	437,214,931
CURRENT LIABILITIES	108,836,309
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	430,362
OTHER SE	241,846,084
TOTAL LIABILITY AND EQUITY	437,214,931
SALES	317,178,684
TOTAL REVENUES	317,178,684
CGS	0
TOTAL COSTS	200,816,736
OTHER EXPENSES	109,779,399
LOSS PROVISION	0
INTEREST EXPENSE	2,328,291
INCOME PRETAX	88,422,377
INCOME TAX	26,826,592
INCOME CONTINUING	61,594,785
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	61,594,785
EPS BASIC	1.46
EPS DILUTED	1.45

End of Filing