

SYKES ENTERPRISES INC

FORM 10-Q (Quarterly Report)

Filed 11/20/00 for the Period Ending 09/30/00

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

SYKES ENTERPRISES INC

FORM 10-Q (Quarterly Report)

Filed 11/20/2000 For Period Ending 9/30/2000

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

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

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 November 16, 2000, there were 40,460,273 shares of common stock outstanding.

PART I

ITEM 1 - FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

**SYKES ENTERPRISES, INCORPORATED
CONSOLIDATED BALANCE SHEETS**

	DECEMBER 31, 1999	SEPTEMBER 30, 2000
	-----	-----
ASSETS		(Unaudited)
Current assets		
Cash and cash equivalents	\$ 31,001,354	\$ 26,919,935
Restricted cash	15,108,523	--
Receivables	126,476,947	133,791,236
Prepaid expenses and other current assets	15,252,307	11,307,914
	-----	-----
Total current assets	187,839,131	172,019,085
Property and equipment, net	134,755,878	156,894,718
Marketable securities	199,875	--
Intangible assets, net	76,830,977	14,042,327
Deferred charges and other assets	19,769,980	21,450,033
	-----	-----
	\$ 419,395,841	\$ 364,406,163
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Current installments of long-term debt	\$ 3,236,451	\$ 66,653
Accounts payable	37,409,955	31,394,386
Income taxes payable	932,158	1,554,341
Accrued employee compensation and benefits	24,205,591	25,184,833
Customer deposits	11,820,739	--
Other accrued expenses and current liabilities	17,159,191	16,893,496
	-----	-----
Total current liabilities	94,764,085	75,093,709
Long-term debt	80,052,717	20,170,577
Deferred grants	21,198,709	26,985,733
Deferred revenue	26,593,100	32,297,296
Other long-term liabilities	1,400,466	1,680,798
	-----	-----
Total liabilities	224,009,077	156,228,113
	-----	-----
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 43,050,273 issued	427,343	430,503
Additional paid-in capital	155,022,390	158,044,747
Retained earnings	45,797,226	104,718,868
Accumulated other comprehensive income	(5,860,195)	(17,109,567)
	-----	-----
Treasury stock at cost; 2,500,000 shares (none in 1999).....	195,386,764	246,084,551
	-----	-----
Total shareholders' equity	195,386,764	208,178,050
	-----	-----
	\$ 419,395,841	\$ 364,406,163
	=====	=====

See accompanying notes to consolidated financial statements.

SYKES ENTERPRISES, INCORPORATED
CONSOLIDATED STATEMENTS OF OPERATIONS
NINE AND THREE MONTHS ENDED SEPTEMBER 30, 1999 AND 2000
(Unaudited)

	NINE MONTHS ENDED SEPTEMBER 30,		THREE MONTHS ENDED SEPTEMBER 30,	
	1999	2000	1999	2000
	(Restated)			
Revenues	\$ 413,308,705	\$ 454,749,028	\$ 140,966,807	\$ 137,570,344
Operating expenses				
Direct salaries and related costs	264,707,291	289,071,026	92,522,468	88,254,290
General and administrative	114,393,523	144,428,243	40,350,154	52,124,522
Compensation expense associated with exercise of options	--	7,835,679	--	--
Restructuring and other charges	--	9,640,000	--	--
Total operating expenses	379,100,814	450,974,948	132,872,622	140,378,812
Income (loss) from operations	34,207,891	3,774,080	8,094,185	(2,808,468)
Other income (expense)				
Interest, net	(2,588,002)	(2,703,615)	(1,052,748)	(378,511)
Gain on sale of equity interest in SHPS	--	84,036,465	--	--
Other	162,958	(927,637)	65,877	(1,056,104)
Total other income (expense)	(2,425,044)	80,405,213	(986,871)	(1,434,615)
Income (loss) before provision for income taxes	31,782,847	84,179,293	7,107,314	(4,243,083)
Provision for income taxes	12,309,535	25,257,651	2,760,517	(1,569,940)
Net income (loss)	\$ 19,473,312	\$ 58,921,642	\$ 4,346,797	\$ (2,673,143)
Net income (loss) per share				
Basic	\$ 0.46	\$ 1.41	\$ 0.10	\$ (0.06)
Diluted	\$ 0.45	\$ 1.40	\$ 0.10	\$ (0.06)
Weighted average shares outstanding				
Basic	41,940,706	41,909,739	42,280,529	41,133,885
Diluted	42,984,543	41,996,844	43,032,429	41,133,885

See accompanying notes to consolidated financial statements.

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

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated 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	877,982	8,780	4,371,761	--	--	--	4,380,541
Net income, restated	--	--	--	19,473,312	--	--	19,473,312
Foreign currency translation adjustment	--	--	--	--	(1,854,142)	--	(1,854,142)
Comprehensive income	--	--	--	--	--	--	17,619,170
Balance at September 30, 1999 (unaudited)	42,329,887	423,299	140,571,509	43,368,127	(3,261,902)	--	181,101,033
Issuance of common stock	404,397	4,044	6,999,558	--	--	--	7,003,602
Tax-effect of non- qualified exercise of stock options	--	--	7,451,323	--	--	--	7,451,323
Net income	--	--	--	2,429,099	--	--	2,429,099
Foreign currency translation adjustment	--	--	--	--	(2,598,293)	--	(2,598,293)
Comprehensive income (loss)	--	--	--	--	--	--	(169,194)
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	315,989	3,160	3,022,357	--	--	--	3,025,517
Purchase of treasury stock	--	--	--	--	--	(37,906,501)	(37,906,501)
Net income	--	--	--	58,921,642	--	--	58,921,642
Foreign currency translation adjustment	--	--	--	--	(11,249,372)	--	(11,249,372)
Comprehensive income	--	--	--	--	--	--	47,672,270
Balance at September 30, 2000 (unaudited)	43,050,273	\$430,503	\$158,044,747	\$104,718,868	\$(17,109,567)	\$(37,906,501)	\$ 208,178,050

See accompanying notes to consolidated financial statements.

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

	1999	2000
	-----	-----
	(Restated)	
Cash flows from operating activities		
Net income	\$ 19,473,312	\$ 58,921,642
Depreciation and amortization	25,801,708	28,353,855
Deferred income taxes	(1,281,282)	(1,018,557)
Gain on sale of equity interest in SHPS, Incorporated	--	(84,036,465)
Loss on sale of marketable securities	--	199,874
Loss on disposal of property and equipment	--	400,000
Changes in assets and liabilities		
Receivables	(8,721,242)	(28,818,852)
Prepaid expenses and other current assets	(2,559,345)	2,469,549
Intangible assets	(11,381)	1,184,511
Deferred charges and other assets	(2,426,292)	396,566
Accounts payable	2,733,837	(8,107,529)
Income taxes payable	(1,634,884)	2,861,435
Accrued employee compensation and benefits	3,239,448	4,182,803
Customer deposits, net of restricted cash	(3,254,360)	10,921,326
Other accrued expenses and current liabilities	(1,013,234)	663,113
Restructuring and other charges reserve	--	1,417,987
Deferred revenue	4,554,859	6,038,471
Other long-term liabilities	(882,838)	(1,393,344)
	-----	-----
Net cash provided by (used for) operating activities	34,018,306	(5,363,615)
	-----	-----
Cash flows from investing activities		
Capital expenditures	(43,793,711)	(55,331,475)
Acquisition of businesses	(5,846,289)	--
Proceeds from sale of equity interest in SHPS, Incorporated	--	159,775,966
Proceeds from sale of property and equipment	193,672	--
	-----	-----
Net cash provided by (used for) investing activities ...	(49,446,328)	104,444,491
	-----	-----
Cash flows from financing activities		
Paydowns under revolving line of credit agreements	(54,500,000)	(153,014,294)
Borrowings under revolving line of credit agreements	59,000,000	90,672,339
Payments of long-term debt	(3,705,115)	(1,077,262)
Borrowings under long-term debt	903,656	367,278
Proceeds from issuance of stock	4,080,541	3,025,517
Proceeds from grants	7,198,335	6,020,000
Purchases of treasury stock	--	(37,906,501)
	-----	-----
Net cash provided by (used for) financing activities ...	12,977,417	(91,912,923)
	-----	-----
Adjustments for foreign currency translation	(1,854,142)	(11,249,372)
	-----	-----
Net decrease in cash and cash equivalents	(4,304,747)	(4,081,419)
Cash and cash equivalents - beginning	36,348,863	31,001,354
	-----	-----
Cash and cash equivalents - ending	\$ 32,044,116	\$ 26,919,935
	=====	=====

See accompanying notes to consolidated financial statements.

SYKES ENTERPRISES, INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 1999 AND SEPTEMBER 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, 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' Business Solutions and Business Services combination offers clients value-added end-to-end solutions. The Company's services are provided to customers on a worldwide basis 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 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 the 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 came due, upon completion of all services required under the arrangements or upon satisfaction of any contingency. Accordingly, the financial statements for the years ended December 31, 1998 and 1999, and certain interim periods have been restated.

The effects of the restatement on the Company's consolidated statements of operations for the nine months ended September 30, 1999 are as follows:

	NINE MONTHS ENDED SEPTEMBER 30, 1999	
	----- AS REPORTED -----	AS RESTATED -----
Revenues	\$411,452,337	\$413,308,705
Operating income	\$ 32,351,523	\$ 34,207,891
Net income	\$ 18,335,358	\$ 19,473,312
Net income per share - basic .	\$ 0.44	\$ 0.46
Net income per share - diluted	\$ 0.43	\$ 0.45

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 nine and three-month periods ended September 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 restated consolidated financial statements and notes thereto as of and for the years ended December 31, 1998 and 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.

SYKES ENTERPRISES, INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 1999 AND SEPTEMBER 30, 2000
(Unaudited)

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 nine months ended September 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 Statement of Operations for the nine months ended September 30, 2000 includes the results of SHPS through June 30, 2000, its disposition date. SHPS generated revenue and net income (loss) exclusive of compensation expense associated with the exercise of options during 2000, of \$35.7 million and \$0.2 million for the nine months ended September 30, 2000 compared to \$53.4 million and \$1.0 million for the nine months ended September 30, 1999 and \$17.9 million and less than \$0.1 million for the three months ended September 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.

SYKES ENTERPRISES, INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 1999 AND SEPTEMBER 30, 2000
(Unaudited)

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

The Company is aware of three purported class action lawsuits that have been filed against Sykes and certain of its officers alleging violations of federal securities laws. One of the actions, which is a consolidation of previous class actions, was filed in the United States District Court for the Middle District of Florida, and the other two actions were filed separately in the United States District Court for the Eastern District of New York. 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 September 18, 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 is aware of a lawsuit file by Kyrus Corporation ("Kyrus") that asserts functionality issues associated with software that Kyrus had licensed from the Company. This litigation is currently pending in the Court of Common Pleas for Greenville County, South Carolina.

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

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

During January 2000, the Company became contingently liable for a letter of credit in the amount of \$30.0 million, which guaranteed performance of a contractual obligation. This contractual obligation and associated letter of credit were cancelled during August 2000.

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 ("SFAS") No. 130 "Reporting Comprehensive Income." SFAS No. 130 establishes rules for the reporting of comprehensive income and its components. Total comprehensive income (loss) was approximately \$17.6 million and \$47.7 million for the nine months ended September 30, 1999 and 2000, respectively, and \$7.6 million and \$(6.9) million for the three months ended September 30, 1999 and 2000, respectively.

SYKES ENTERPRISES, INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 1999 AND SEPTEMBER 30, 2000
(Unaudited)

NOTE 4 - ACCUMULATED OTHER COMPREHENSIVE INCOME (continued)

The components of other comprehensive income for the nine months ended September 30, 2000 relate to foreign currency translation adjustments and are as follows:

	Accumulated Other Comprehensive Income

Balance at December 31, 1999	\$ (5,860,195)
Foreign currency translation adjustment	(11,249,372)

Balance at September 30, 2000	\$(17,109,567)

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. Significant activities of the Restructuring Plan include the (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. A restructuring and other charge of approximately \$9.6 million (\$6.9 million after tax) was recorded in the second quarter of 2000. The Company planned 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 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

During the third quarter of 2000, the Company has reduced the number of employees by 100 in distribution and fulfillment and 15 in professional staffing and consulting operations. A summary of the Restructuring Plan activity is as follows:

DESCRIPTION	

Balance established on June 30, 2000	\$ 9,640,000
Reduction in workforce cash outflows	(766,504)
Lease termination cash payments	(2,975,350)
Non-cash write-down of property and equipment	(2,235,505)
Non-cash write-down of intangible assets	(1,171,508)
Other cash outflows	(1,073,146)

Balance at September 30, 2000	\$ 1,417,987

SYKES ENTERPRISES, INCORPORATED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 1999 AND SEPTEMBER 30, 2000
(Unaudited)

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:

	NINE MONTHS ENDED		THREE MONTHS ENDED	
	SEPT. 30, 1999	SEPT. 30, 2000	SEPT. 30, 1999	SEPT. 30, 2000
Basic:				
Weighted average common shares outstanding	41,940,706	41,909,739	42,280,529	41,133,885
Total weighted average basic shares outstanding	41,940,706	41,909,739	42,280,529	41,133,885
Diluted:				
Dilutive effect of stock options	1,043,837	87,105	751,900	--
Total weighted average diluted shares outstanding	42,984,543	41,996,844	43,032,429	41,133,885

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Sykes Enterprises, Incorporated

We have reviewed the accompanying consolidated balance sheet of Sykes Enterprises, Incorporated as of September 30, 2000 and the related consolidated statements of operations, changes in shareholders' equity and cash flows for the three-month and nine-month periods then ended. These financial statements are the responsibility of the Company's management. We did not make a similar review of the consolidated statements of operations, changes in shareholders' equity and cash flows for the three-month and nine-month periods ended September 30, 1999.

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 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, which will be performed for the full year with the objective of expressing 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 the accompanying financial statements at September 30, 2000, and for the three-month and nine-month periods then ended for them to be in conformity with accounting principles generally accepted in the United States.

We have previously audited, in accordance with auditing standards generally accepted in the United States, the consolidated balance sheet of Sykes Enterprises, Incorporated as of December 31, 1999, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended (not presented herein) and in our report dated February 7, 2000, except for Note 1 as to which the date is October 30, 2000, we expressed an unqualified opinion on those consolidated financial statements, as restated. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 1999, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it was derived.

/s/ Ernst & Young LLP

Tampa, Florida
November 17, 2000

SYKES ENTERPRISES, INCORPORATED

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; the ultimate outcome of pending class action lawsuits; 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

NINE MONTHS ENDED SEPTEMBER 30, 2000 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 1999

For the nine months ended September 30, 2000, the Company recorded consolidated revenues of \$454.7 million, an increase of \$41.4 million or 10.0%, from the \$413.3 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 \$59.0 million or 16.4% to \$419.0 million for the nine months ended September 30, 2000 from \$360.0 million for the comparable period during 1999. This growth in revenue was the result of a \$39.7 million or

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

NINE MONTHS ENDED SEPTEMBER 30, 2000 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 1999 (CONTINUED)

10.6% increase in Business Services' revenues (\$57.5 million or 17.9% exclusive of SHPS) and an increase of \$1.7 million or 4.5% from Business Solutions' revenues.

The increase in Business Services' revenues for the nine months ended September 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 third quarter of 1999, the Company opened three domestic and two international technical support centers and significantly expanded an additional four international centers. During the nine months ended September 30, 2000, the Company recognized \$7.1 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 nine months ended September 30, 2000, and \$2.4 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 nine months ended September 30, 2000 was primarily attributable to the closing of three international and one domestic distribution and fulfillment centers as part of the Company's restructuring plan and a client's decision to discontinue its operations within North America.

The increase in Business Solutions' revenues was attributable to a focus on professional e-commerce services, including web design, development and program management and an increase in the average bill rate charged for consulting services. The increase in Business Solutions' revenue for the nine months ended September 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 \$24.4 million or 9.2% to \$289.1 million for the nine months ended September 30, 2000, from \$264.7 million in 1999. As a percentage of revenues, direct salaries and related costs decreased slightly to 63.6% in 2000 from 64.0% for the comparable period in 1999. The increase in the dollar amount was primarily attributable to a \$36.8 million increase in salaries and benefits to support revenue growth and associated training costs, partially offset by a \$19.7 million decrease in direct material costs associated with distribution and fulfillment services. In addition, during the nine months ended September 30, 1999, the Company capitalized \$0.6 million of costs related to internally developed software with no additional costs capitalized during the nine months ended September 30, 2000. Exclusive of SHPS, direct salaries and all related costs increased \$30.9 million or 13.1% to \$265.9 million or 63.5% of revenue. The decrease in direct salaries and all related costs as a percentage of revenue resulted from economies of scale associated with spreading costs over a larger revenue base.

General and administrative expenses increased \$30.0 million or 26.3% to \$144.4 million for the nine months ended September 30, 2000, from \$114.4 million in 1999. As a percentage of revenues, general and administrative expenses increased to 31.8% in 2000 from 27.7% 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 \$7.7 million increase in salaries and benefits to support the Company's organic growth, a \$5.4 million increase in telecom costs, a \$3.9 million increase in lease and rent expense, and a \$4.2 million increase in depreciation expenses associated with facility and capital equipment expenditures, all generally incurred in connection with the integration and expansion of the Company's technical and customer support services, a \$3.1 million increase in bad debt expense, and a \$5.7 million increase of legal and professional fees and 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 nine months ended September 30, 2000 compared to the nine months ended September 30, 1999. Exclusive of SHPS, general and administrative expenses increased \$39.6 million or 42.2% to \$133.6 million, or 31.9% of revenue.

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

NINE MONTHS ENDED SEPTEMBER 30, 2000 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 1999 (CONTINUED)

Compensation expense associated with the exercise of options was \$7.8 million for the nine months ended September 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 nine months ended September 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 \$3.6 million during the nine months ended September 30, 2000, compared to \$2.4 million during the comparable 1999 period. The increase in interest and other expense for the nine-month period was attributable to \$0.7 million of interest expense associated with cancellation of a contractual obligation and a \$0.6 million charge associated with the disposition of assets, partially offset by a decrease in the Company's average outstanding debt position. The Company's average debt balance for the nine months ended September 30, 2000, was \$67.6 million compared to \$77.4 million for the nine months ended September 30, 1999. The decrease in the average debt balance is principally due to the repayment of debt from the proceeds generated from the sale of SHPS, offset by capital expenditures and the Company's repurchase of 2.5 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).

The provision for income taxes increased \$13.0 million to \$25.3 million for the nine months ended September 30, 2000 from \$12.3 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 nine months ended September 30, 2000. The Company's effective tax rate exclusive of the gain and one-time charges was 39.2% for the nine months ended September 30, 2000 compared to 38.7% for the comparable 1999 period.

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

For the three months ended September 30, 2000, the Company recorded consolidated revenues of \$137.6 million, a decrease of \$3.4 million or 2.4%, from the \$141.0 million of consolidated revenues for the comparable period during 1999. Exclusive of SHPS, revenues increased \$14.6 million or 11.8% for the three months ended September 30, 2000, from \$123.0 million for the comparable period during 1999. This growth in revenue was the result of a \$14.1 million or 12.6% increase in Business Services' revenues, exclusive of SHPS, and an increase of \$0.5 million or 4.5% from Business Solutions' revenues.

The increase in Business Services' revenues for the three months ended September 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, 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. During the three months ended September 30, 2000, the Company recognized \$1.2 million of revenue associated with the licensing of the Company's AnswerTeam(TM) diagnostic software related 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 September 30, 2000 was primarily attributable to the closing of three international and one domestic distribution and fulfillment centers as

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

THREE MONTHS ENDED SEPTEMBER 30, 2000 COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 1999 (continued)

part of the Company's restructuring plan and also a client's decision to discontinue its operations within North America.

The increase in Business Solutions' revenues for the three months ended September 30, 2000, was attributable to a focus on professional e-commerce services, including web design, development and program management and, an increase in the average bill rate charged for consulting services.

Direct salaries and related costs decreased \$4.2 million or 4.6% to \$88.3 million for the three months ended September 30, 2000, from \$92.5 million in 1999. As a percentage of revenues, direct salaries and related costs decreased to 64.2% in 2000 from 65.6% for the comparable period in 1999. The decrease in the dollar amount was primarily attributable to a \$6.5 million decrease indirect material costs associated with distribution and fulfillment services, partially offset by a \$3.8 million increase in salaries and benefits to support revenue growth and associated training costs. Exclusive of SHPS, direct salaries and all related costs increased \$6.3 million or 7.7% to \$88.3 million or 64.2% of revenue.

General and administrative expenses increased \$11.8 million or 29.2% to \$52.1 million for the three months ended September 30, 2000, from \$40.3 million in 1999. As a percentage of revenues, general and administrative expenses increased to 37.9% in 2000 from 28.6% for the comparable period in 1999. The increase in the dollar amount of general and administrative expenses was primarily attributable to a \$2.2 million increase in salaries and benefits to support the Company's organic growth, a \$3.9 million increase in bad debt expenses, a \$2.5 million increase in legal and professional fees, a \$2.0 million increase in telecom costs and a \$1.2 million increase of other costs. Exclusive of SHPS, general and administrative expenses increased \$18.7 million or 55.9% from \$33.4 million, or 27.2% of revenue.

Interest and other expense was \$1.4 million during the three months ended September 30, 2000, compared to \$1.0 million during the comparable 1999 period. The increase in interest and other expense for the three-month period was attributable to \$0.7 million of interest expense associated with the cancellation of a contractual obligation and a \$0.6 million charge associated with the disposition of assets, partially offset by a decrease in the Company's average outstanding debt position. The Company's average debt balance for the third quarter of 2000 was \$15.5 million compared to \$78.9 million for the third quarter of 1999. The decrease in the average debt balance is principally due to the repayment of debt from the proceeds generated from the sale of SHPS, offset by capital expenditures and the Company's repurchase of 2.5 million shares of its common stock during 2000 that are being held as treasury shares.

The provision for income taxes decreased \$4.4 million to an income tax benefit of \$1.6 million for the three months ended September 30, 2000 from \$2.8 million for the comparable period in 1999. The decrease in the provision for income taxes was primarily attributable to the loss incurred during the three months ended September 30, 2000. The Company's effective tax rate was 37.0% for the three months ended September 30, 2000 compared to 38.8% 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.

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

LIQUIDITY AND CAPITAL RESOURCES (continued)

During the nine months ended September 30, 2000, the Company utilized proceeds from the sale of SHPS, grants and stock issuances to fund cash repayments of its Amended Credit Facility, capital expenditures, common stock purchases and cash used in operating activities. The purchase of the shares of the Company's common stock was in connection with stock repurchase programs announced in February 2000 and July 2000, respectively. The capital expenditures were predominately the result of 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 September 30, 2000, the Company had approximately \$145.0 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 working capital needs, continued expansion objectives, anticipated levels of capital expenditures and debt repayment requirements, 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 September 30, 2000, the Company had \$20.2 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 nine months of 2000, a one-point increase in the weighted average interest rate would increase the Company's annual interest expense by approximately \$0.6 million. Under its current policy, the Company does not use derivative instruments to manage its exposure to changes in interest rates.

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

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 restated, as a percentage of total annual revenues were approximately 24%, 24%, 24% 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.

IMPACT OF NEW ACCOUNTING STANDARDS

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

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" and amended it in March and June 2000 with respect to the effective dates. Sykes believes its revenue recognition practices for software meet these requirements. The Company is required to adopt the provisions of this Bulletin in the fourth fiscal quarter of 2000 and is currently in the process of assessing the impact of its adoption on other revenue sources. Further, while Staff Accounting Bulletin No. 101 does not supersede the software industry specific revenue recognition guidance, with which Sykes believes it is in compliance, this bulletin in practice may change interpretations of software recognition requirements.

SYKES ENTERPRISES, INCORPORATED
FORM 10-Q
FOR THE QUARTER ENDED SEPTEMBER 30, 2000

PART II - OTHER INFORMATION

ITEM 3 - 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, 1999, filed November 20, 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 actions described below.

A. Actions Arising under Federal Securities Laws. In February 2000, fourteen purported class action lawsuits were filed in the Middle District of Florida against the Company and certain of its officers alleging violations of federal securities laws. In October 2000, the putative class action lawsuits were consolidated before one judge in the United States District Court for the Middle District of Florida. In September 14, 2000, that court appointed co-lead plaintiffs and their counsel. On November 3, 2000, the lead plaintiffs filed an amended class action complaint in the Florida consolidated action. The Company's and the other defendant's response to the amended complaint is due on November 30, 2000.

The complaint contains varying allegations, including that we made materially false and misleading statements with respect to our 1999 financial statements that were part of our filings with the SEC and our press releases during 1999 and 2000. The amended class action complaint alleges claims under Section 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 of that Act. The amended class action purports to assert claims on behalf of a class of purchasers of Sykes common stock during 1999 and through September 18, 2000. The amended class action complaint does not specify the amount of damages sought.

In addition, two class action lawsuits were filed on September 20, 2000 in the United States District Court for the Eastern District of New York. The plaintiffs for the New York actions purport to assert claims on behalf of a class of purchasers of Sykes common stock between February 7, 2000 and September 18, 2000. The complaints for the New York actions contain substantially similar allegations to those in the Florida action. The Company will seek to transfer the New York action to the Middle District of Florida and consolidate the New York action with the Florida consolidated action.

The Company intends to defend the actions vigorously. However, the Company cannot predict the outcome of these lawsuits 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 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 liquidity, financial condition, and results of operations.

B. Kyrus.

Kyrus Corporation filed a lawsuit against Sykes concerning the license of certain software by Sykes to Kyrus. In 1998, the Company entered into a transaction pursuant to which Sykes granted to Kyrus a license for software related to Sykes' former retail division and used by the retailing industry. In exchange for the license, Sykes received preferred stock of Kyrus valued at \$10.0 million. In the suit, Kyrus asserts, in part, that the software contained functionality problems that prevented Kyrus from successfully marketing the software at their projected levels. Based on Kyrus' assertions, the Company was to return up to \$4.5 million of the shares of Kyrus preferred stock if Kyrus was unable to reach certain sales volumes from the software. Kyrus' complaint seeks a return of \$4.5 million of \$10.0 million in preferred stock held by the Company and the recovery of approximately \$1.6 million in charges allegedly required to fix customer problems. The Company intends to defend the action vigorously. The Company has tendered the defense to its insurance carrier, who is defending the case but has reserved its rights with respect to any ultimate claims.

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

Although the Company intends to defend these lawsuits vigorously, the Company cannot predict the outcome of these lawsuits or the impact that these lawsuits 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:

15 Letter re: unaudited interim financial information

27.1 Financial Data Schedule

(b) Reports on Form 8-K

The Registrant filed a form 8-K, dated September 18, 2000, on September 22, 2000, reporting under Item 5 its revised earnings forecast for the second half of 2000, changes to its strategic alliance with Perot Systems, and a restatement of prior financial results.

SYKES ENTERPRISES, INCORPORATED
FORM 10-Q
FOR THE QUARTER ENDED SEPTEMBER 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)

SYKES ENTERPRISES, INCORPORATED
FORM 10-Q
FOR THE QUARTER ENDED SEPTEMBER 30, 2000

EXHIBIT INDEX

Exhibit
Number

10.26	Employment Agreement dated July 31, 2000 between James E. Lamar and Sykes Enterprises, Incorporated.
10.27	Employment Separation Agreement dated as of September 20, 2000 between Dale W. Saville and Sykes Enterprises, Incorporated.
10.28	Employment Separation Agreement dated as of September 22, 2000 between Scott J. Bendert and Sykes Enterprises, Incorporated.
15	Letter re: unaudited interim financial information
27.1	Financial Data Schedule

EXHIBIT NUMBER 10.26

[SYKES(SM) LOGO]

Real People, Real Solutions.

EMPLOYMENT AGREEMENT

PLEASE READ THIS AGREEMENT CAREFULLY. THIS AGREEMENT DESCRIBES THE BASIC LEGAL AND ETHICAL RESPONSIBILITIES THAT YOU ARE REQUIRED TO OBSERVE AS AN EXECUTIVE EXPOSED TO HIGHLY SENSITIVE TECHNOLOGY AND STRATEGIC INFORMATION. CONSULT WITH YOUR LEGAL COUNSEL IF ALL THE TERMS AND PROVISIONS OF THIS AGREEMENT ARE NOT FULLY UNDERSTOOD BY YOU.

THIS AGREEMENT is made as of the 31st day of July, 2000, by and between SYKES ENTERPRISES, INCORPORATED, a Florida corporation (the "Company"), and JAMES E. LAMAR (the "Executive").

W I T N E S S E T H :

WHEREAS, the Company desires to assure itself of the Executive's continued employment in an executive capacity; and

WHEREAS, the Executive desires to be employed by the Company on the terms and conditions hereinafter set forth.

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

1. **EMPLOYMENT AND DUTIES.** Subject to the terms and conditions of this Agreement, the Company shall employ the Executive during the Term (as hereinafter defined) in such management capacities as may be assigned from time to time by the Company. The Executive accepts such employment and agrees to devote his best efforts and entire business time, skill, labor, and attention to the performance of such duties. The Executive agrees to promptly provide a description of any other commercial duties or pursuits engaged in by the Executive to the Company's Board of Directors. If the Board of Directors determines in good faith that such activities conflict with the Executive's performance of his duties hereunder, the Executive shall promptly cease such activities to the extent as directed by the Board of Directors. It is acknowledged and agreed that such description shall be made regarding any such activities in which the Executive owns more than 5% of the ownership of the organization or which may be in violation of Section 5 hereof, and that the failure of the Executive to provide any such description shall enable the Company to terminate the Executive for Cause (as provided in Section 6(c) hereof). The Company agrees to hold any such information provided by the Executive confidential and not disclose the same to any person other than a person to whom disclosure is reasonably necessary or appropriate in light of the circumstances. In addition, the Executive agrees to serve without additional compensation if elected or appointed to any office or position, including as a director, of the Company or any subsidiary or affiliate of the Company; provided, however, that the Executive shall be entitled to receive such benefits and additional compensation, if any, that is paid to executive officers of the Company in connection with such service.

2. **TERM.** Subject to the terms and conditions of this Agreement, including, but not limited to, the provisions for termination set forth in Section 6 hereof, the employment of the Executive under this Agreement shall commence on the effective date hereof and shall continue through and including the close of business on the date hereof as set forth on Exhibit A attached hereto and incorporated herein (such term shall

herein be defined as the "Term"). The Executive agrees that some portions of this Agreement, including Sections 4, 5, and 6 hereof, will remain in force after the termination of this Agreement.

3. COMPENSATION.

(a) Base Salary and Bonus. As compensation for the Executive's services under this Agreement, the Executive shall receive and the Company shall pay a weekly base salary set forth on Exhibit A. Such base salary may be increased but not decreased during the Term in the Company's discretion based upon the Executive's performance and any other factors the Company deems relevant. Such base salary shall be payable in accordance with the policy then prevailing for the Company's executives. In addition to such base salary, the Executive shall be entitled during the Term to a performance bonus set forth on Exhibit A and to participate in and receive payments from, at the Company's election, other bonus and other incentive compensation plans, if any, as may be adopted by the Company.

(b) Payments. All amounts paid pursuant to this Agreement shall be subject to withholding or deduction by reason of the Federal Insurance Contribution Act, federal income tax, state and local income tax, if any, and comparable laws and regulations.

(c) Other Benefits. The Executive shall be reimbursed by the Company for all reasonable and customary travel and other business expenses incurred by the Executive in the performance of the Executive's duties hereunder in accordance with the Company's standard policy regarding expense verification practices. The Executive shall be entitled to that number of weeks paid vacation per year that is available to other executive officers of the Company in accordance with the Company's standard policy regarding vacations and such other fringe benefits as may be set forth on Exhibit A and shall be eligible to participate in such pension, life insurance, health insurance, disability insurance, and other executive benefits plans, if any, which the Company may from time to time make available to its executive officers generally.

4. CONFIDENTIAL INFORMATION.

(a) The Executive has acquired and will acquire information and knowledge respecting the intimate and confidential affairs of the Company, including, without limitation, confidential information with respect to the Company's technical data, research and development projects, methods, products, software, financial data, business plans, financial plans, customer lists, business methodology, processes, production methods and techniques, promotional materials and information, and other similar matters treated by the Company as confidential (the "Confidential Information"). Accordingly, the Executive covenants and agrees that during the Executive's employment by the Company (whether during the Term hereof or otherwise) and thereafter, the Executive shall not, without the prior written consent of the Company, disclose to any person, other than a person to whom disclosure is reasonably necessary or appropriate in connection with the performance by the Executive of the Executive's duties hereunder, any Confidential Information obtained by the Executive while in the employ of the Company.

(b) The Executive agrees that all memoranda; notes; records; papers or other documents; computer disks; computer, video or audio tapes; CD-ROMs; all other media and all copies thereof relating to the Company's operations or business, some of which may be prepared by the Executive; and all objects associated therewith in any way obtained by the Executive shall be the Company's property. This shall include, but is not limited to, documents; computer disks; computer, video and audio tapes; CD-ROMs; all other media and objects concerning any technical data, methods, products, software, research and development projects, financial data, financial plans, business plans, customer lists, contracts, price lists, manuals, mailing lists, advertising materials; and all other materials and records of any kind that may be in the Executive's possession or under the Executive's control. The Executive shall not, except for the Company's use, copy or duplicate any of the aforementioned documents or objects, nor remove them from

the Company's facilities, nor use any information concerning them except for the Company's benefit, either during the Executive's employment or thereafter. The Executive covenants and agrees that the Executive will deliver all of the aforementioned documents and objects, if any, that may be in the Executive's possession to the Company upon termination of the Executive's employment, or at any other time at the Company's request.

(c) In any action to enforce or challenge these Confidential Information provisions, the prevailing party is entitled to recover its attorney's fees and costs.

5. COVENANT NOT-TO-COMPETE AND NO SOLICITATION. Executive recognizes that the Company is in the business of employing individuals to provide specialized and technical services to the Company's Clients. The purpose of these Covenant Not-to-Compete and No Solicitation provisions are to protect the relationship which exists between the Company and its Client while Executive is employed and after Executive leaves the employ of the Company. The consideration for these Covenant Not-to-Compete and No Solicitation provisions is the Executive's employment with the Company.

(a) Executive acknowledges the following:

(1) The Company expended considerable resources in obtaining contracts with its Clients;

(2) The Company expended considerable resources to recruit and hire employees who could perform services for its Clients;

(3) Through his/her employ with the Company, Executive will develop a substantial relationship with the Company's existing or potential Clients, including, but not limited to, being the sole or primary contact between the Client and the Company;

(4) Executive will be exposed to valuable confidential business information about the Company, its Clients, and the Company's relationship with its Client;

(5) By providing services on behalf of the Company, Executive will develop and enhance the valuable business relationship between the Company and its Client;

(6) The relationship between the Company and its Clients depends on the quality and quantity of the services Executive performs;

(7) Through employment with the Company, Executive will increase his/her opportunity to work directly for the Clients or for a competitor of the Company; and

(8) The Company will suffer irreparable harm if Executive breaches these Covenant Not-to-Compete and No Solicitation provisions of this Agreement.

(b) Executive agrees that:

(1) The relationship between the Company and its Client (developed and enhanced when the Executive performs services on behalf of the Company) is a legitimate business interest for the Company to protect;

(2) The Company's legitimate business interest is protected by the existence and enforcement of these Covenant Not-to-Compete and No Solicitation provisions;

(3) The business relationship which is created or exists between the Company and its Client, or the goodwill resulting from it, is a business asset of the Company and not the Executive; and

(4) Executive will not seek to take advantage of opportunities which result from his/her employment with the Company and that entering into the Agreement containing Covenant Not-to-Compete and No Solicitation provisions is reasonable to protect the Company's business relationship with its Clients.

(c) Restrictions on Executive. During the term of this Agreement and for a period of time set forth on Exhibit A after the termination of this Agreement, for whatever reason, whether such termination was by the Company or the Executive, voluntarily or involuntarily, and whether with or without cause, Executive agrees that he/she shall not, as a principal, employer, stockholder, partner, agent, consultant, independent contractor, employee, or in any other individual or representative capacity:

(1) Directly or indirectly engage in, continue in, or carry on the business of the Company or any business substantially similar thereto, including owning or controlling any financial interest in any corporation, partnership, firm, or other form of business organization which competes with or is engaged in or carries on any aspect of such business or any business substantially similar thereto;

(2) Consult with, advise, or assist in any way, whether or not for consideration, any corporation, partnership, firm, or other business organization which is now, becomes, or may become a competitor of the Company in any aspect of the Company's business during the Executive's employment with the Company, including, but not limited to, advertising or otherwise endorsing the products of any such competitor or loaning money or rendering any other form of financial assistance to or engaging in any form of transaction whether or not on an arm's length basis with any such competitor;

(3) Provide or attempt to provide or solicit the opportunity to provide or advise others of the opportunity to provide any services of the type Executive performed for the Company or the Company's Clients (regardless of whether and how such services are to be compensated, whether on a salaried, time and materials, contingent compensation, or other basis) to or for the benefit of any Client (i) to which Executive has provided services in any capacity on behalf of the Company, or (ii) to which Executive has been introduced to or about which the Executive has received information through the Company or through any Client from which Executive has performed services in any capacity on behalf of the Company;

(4) Retain or attempt to retain, directly or indirectly, for itself or any other party, the services of any person, including any of the Company's employees, who were providing services to or on behalf of the Company while Executive was employed by the Company and to whom Executive has been introduced or about whom Executive has received information through Employer or through any Client for which Executive has performed services in any capacity on behalf of the Company;

(5) Engage in any practice, the purpose of which is to evade the provisions of this Agreement or to commit any act which is detrimental to the successful continuation of or which adversely affects the business or the Company; provided, however, that the foregoing shall not preclude the Executive's ownership of not more than 2% of the equity

securities registered under Section 12 of the Securities Exchange Act of 1934, as amended; or

(6) For purpose of these Covenant Not-to-Compete and No Solicitation provisions, Client includes any subsidiaries, affiliates, customers, and clients of the Company's Clients. The Executive agrees that the geographic scope of this Covenant Not-to-Compete shall extend to the geographic area where the Company's Clients conduct business at any time during the Term of this Agreement. For purposes of this Agreement, "Clients" means any person or entity to which the Company provides or has provided within a period of one (1) year prior to the Executive's termination of employment labor, materials or services for the furtherance of such entity's or person's business or any person or entity that within such period of one (1) year the Company has pursued or communicated with for the purpose of obtaining business for the Company.

(d) Enforcement. These Covenant Not-to-Compete and No Solicitation provisions shall be construed and enforced under the laws of the State of Florida. In the event of any breach of this Covenant Not-to-Compete, the Executive recognizes that the remedies at law will be inadequate, and that in addition to any relief at law which may be available to the Company for such violation or breach and regardless of any other provision contained in this Agreement, the Company shall be entitled to equitable remedies (including an injunction) and such other relief as a court may grant after considering the intent of this Section 5. It is further acknowledged and agreed that the existence of any claim or cause of action on the part of the Executive against the Company, whether arising from this Agreement or otherwise, shall in no way constitute a defense to the enforcement of this Covenant Not-to-Compete, and the duration of this Covenant Not-to-Compete shall be extended in an amount which equals the time period during which the Executive is or has been in violation of this Covenant Not-to-Compete. In the event a court of competent jurisdiction determines that the provisions of this Covenant Not-to-Compete are excessively broad as to duration, geographic scope, prohibited activities or otherwise, the parties agree that this covenant shall be reduced or curtailed to the extent necessary to render it enforceable.

(e) In an action to enforce or challenge these Covenant Not-to-Compete and No Solicitation provisions, the prevailing party is entitled to recover its attorney's fees and costs.

(f) By signing this Agreement, the Executive acknowledges that he/she understands the effects of these Covenant Not-to-Compete and No Solicitation provisions and agrees to abide by them.

6. TERMINATION

(a) Death. The Executive's employment hereunder shall terminate upon his death.

(b) Disability. If during the Term the Executive becomes physically or mentally disabled in accordance with the terms and conditions of any disability insurance policy covering the Executive, or, if due to such physical or mental disability the Executive becomes unable for a period of more than six

(6) consecutive months to perform his duties hereunder on substantially a full-time basis as determined by the Company in its sole reasonable discretion, the Company may, at its option, terminate the Executive's employment hereunder upon not less than thirty (30) days' written notice.

(c) Cause. The Company may terminate the Executive's employment hereunder for Cause effective immediately upon notice. For purposes of this Agreement, the Company shall have "Cause" to terminate the Executive's employment hereunder: (i) if the Executive engages in conduct which has caused

or is reasonably likely to cause demonstrable and serious injury to Company;

(ii) if the Executive is convicted of a felony as evidenced by a binding and final judgment, order, or decree of a court of competent jurisdiction; (iii) for the Executive's neglect of his duties hereunder or the Executive's refusal to perform his duties or responsibilities hereunder as determined by the Company's Board of Directors in good faith; (iv) consistent failure to achieve goals established by the Board of Directors or their designate; (v) gross incompetence; (vi) for the Executive's violation of this Agreement, including, without limitation, Section 5 hereof; (vii) chronic absenteeism; (viii) for use of illegal drugs; (ix) insobriety by the Executive while performing his or her duties hereunder; and (x) for any act of dishonesty or falsification of reports, records, or information submitted by the Executive to the Company.

(d) Non-Compete Payment and Liquidated Damages. In the event of a termination of the Executive's employment pursuant to Section 6 or by the Executive, all payments and Company benefits to the Executive hereunder, except the payments (if any) provided below, shall immediately cease and terminate. In the event of a termination by the Company of the Executive's employment with the Company for any reason other than pursuant to Section 6(c), the Company shall pay the Executive Liquidated Damages as defined in (e) below for early termination of his employment and the Covenant Not-to-Compete set forth in

Section 5 hereof shall remain in full force and effect through the full stated Term of this Agreement; and additionally, from the end of the Term of this Agreement through the non-compete period stated on Exhibit "A", the Company shall pay the Executive Not-to-Compete pay in equal biweekly installments ("Non-Compete Payment Installments") in the amount set forth on Exhibit A ("Non-Compete Payment"). Such Non-Compete Payment, however, shall not be required to be paid by the Company if the Company elects, in its sole discretion, to release the Executive from the Covenant Not-to-Compete set forth in Section 5 hereof. Additionally, if the Company commences paying Executive Non-Compete Payment Installments and subsequently elects in the future, in its sole discretion, to release Executive from the Covenant Not-to-Compete and gives notice to Executive, then, at the effective date of such notice, Executive shall no longer be subject to the Covenant Not-to-Compete, and no further Non-Compete Payment Installments shall be due or payable to Executive. If the Company terminates the Executive's employment pursuant to Section 6(c) or the Executive terminates such employment, the Executive shall not be entitled to the Non-Compete Payment, and the Covenant Not-to-Compete set forth in Section 5 hereof shall remain in full force and effect. Notwithstanding anything to the contrary herein contained, the Executive shall receive all compensation and other benefits to which he was entitled under this Agreement or otherwise as an executive of the Company through the termination date.

(e) The Liquidated Damages amount, if due as provided above, shall be equal to the weekly amount stated on Exhibit A times the number of weeks remaining between the early termination date and the end of Term as stated on Exhibit A ("Liquidated Damages"). This amount shall be paid biweekly in equal installments over such period.

7. TERMINATION AFTER CHANGE OF CONTROL. In the event Executive's employment hereunder is terminated for any of the reasons set forth in Section 6a, b or c, or by the Executive (other than for Good Reason, defined herein below), then this Section 7, dealing with Change of Control, shall have no effect. If, however, Executive's employment hereunder is terminated (i) by the Executive for Good Reason; or (ii) by the Company (or any successor thereto or assignee thereof) other than pursuant to Section 6a, b or c, then, in that event, Executive shall receive (in equal installments and in accordance with company policy immediately prior to such termination) an amount to be determined by multiplying by two (2) Executive's base salary and actual bonus for the calendar year immediately prior to such termination ("Change of Control Termination Payment"). A "Change in Control" shall be deemed to have occurred if the event set forth in any one of the following paragraphs shall have occurred:

(i) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, immediately after the annual meeting of shareholders

of the Company held in 2000, constituted the Board of Directors and any new directors (other than directors whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A under the Act) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors immediately after the annual meeting of shareholders of the Company held in 2000 or whose appointment, election or nomination for election was previously so approved; or

(ii) the stockholders of the Company approve a merger, consolidation or share exchange of the Company with any other corporation or approve the issuance of voting securities of the Company in connection with a merger, consolidation or share exchange of the Company (or any direct or indirect subsidiary of the Company) pursuant to applicable stock exchange requirements, other than (A) a merger, consolidation or share exchange which would result in the voting securities of the Company outstanding immediately prior to such merger, consolidation or share exchange continuing to represent (either by remaining outstanding or by being converted into the right to receive voting securities of the surviving entity or any parent thereof) at least 50% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger, consolidation or share exchange, or (B) a merger, consolidation or share exchange effected to implement a recapitalization of the Company (or similar transaction) in which no Person (other than John H. Sykes) is or becomes the beneficial owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates after the annual meeting of shareholders of the Company held in 2000 pursuant to express authorization by the Board that refers to this exception) representing 45% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding voting securities; or (iii) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets (in one transaction or a series of related transactions within any period of 24 consecutive months), other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity at least 75% of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportions as their ownership of the Company immediately prior to such sale.

Notwithstanding the foregoing, no "Change in Control" shall be deemed to have occurred if there is consummated any transaction or series of integrated transactions immediately following which the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity that owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions.

The Executive may terminate his employment pursuant to and only after the condition of this Section 7 has occurred for Good Reason; and the Company expressly acknowledges and agrees that, upon such termination, the Executive shall be entitled to the Change of Control Termination Payment, as hereinafter defined, to which the Executive, but for such termination, would otherwise be entitled. For purposes of this Agreement, "Good Reason" shall mean: (i) any reduction of the Base Salary or any other compensation or benefits (other than the Performance Bonus); or (ii) any other material adverse change to the terms and conditions of the Executive's employment, including but not limited to any diminution of the Customary Duties (as herebelow defined).

Subsequent to a Change of Control, the Executive shall continue to hold such office and such level of authority and responsibility within the Company either (a) as was held immediately prior to such

Change of Control or (b) of such scope, importance and influence as is customarily associated with the office held by him at the time of such Change of Control (hereinafter collectively referred to as the "Customary Duties").

8. Tax Provisions.

(a) No Excess Parachute Payment. It is the intention of the Company and the Executive that no portion of any benefit or payment under Section 7 or any other provision of this Agreement, or payments to or for the benefit of the Executive under any other agreement or plan (collectively, the "Severance Benefits") be deemed to be an excess parachute payment as defined in Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") or any successor provision thereto. Notwithstanding any other provision of this Agreement, if any portion of the Severance Benefits would constitute a parachute payment within the meaning of Section 280G of the Code, such Severance Benefits shall be reduced to an amount equal to One Dollar (\$1.00) less than the maximum amount which the Executive may receive without becoming subject to the tax imposed by Section 4999 of the Code (or any successor provision) or which the Company may pay without loss of deduction under Section 280G(a) of the Code (or any successor provision).

(b) Opinion. For purposes of this Section, within sixty (60) days after delivery of a written notice of termination by the Executive or by the Company pursuant to this Agreement or written notice by the Company to the Executive of its belief that there is a payment or benefit due the Executive which will result in an excess parachute payment as defined in Section 280G of the Code or any successor provision thereto, the Executive and the Company shall obtain, at the Company's expense, the opinion (which need not be unqualified) of nationally recognized tax counsel ("Tax Counsel") selected by the Company's independent auditors and acceptable to the Executive in the Executive's sole discretion, which sets forth (A) the "base amount" within the meaning of Section 280G of the Code; (B) the aggregate present value of the payments in the nature of compensation to the Executive as prescribed in Section 280G(b)(2)(A)(ii); and (C) the amount and present value of any "excess parachute payment" within the meaning of Section 280G(b)(1). If such an opinion of Tax Counsel is sought, no portion of the Severance Benefits shall be paid to the Executive by the Company until ten (10) days after the opinion is obtained.

In the event that such opinion determines that there would be an excess parachute payment, the Severance Benefits shall be reduced or eliminated as specified by the Executive in a written notice delivered to the Company within thirty (30) days of his receipt of such opinion or, if the Executive fails to so notify the Company then as the Company shall reasonably determine, so that under the bases of calculation set forth in such opinion there will be no excess parachute payment. For purposes of such opinion, the value of any noncash benefits or any deferred payment or benefit shall be determined by the Company's independent auditors in accordance with the principles of Sections 280G, which determination shall be evidenced in a certificate of such auditors addressed to the Company and the Executive. Such opinion shall be dated as of the date of termination of the Executive's employment and addressed to the Company and the Executive and shall be binding upon the Company and the Executive.

The provisions of this Section 8(b), including the calculations, notices and opinions provided for herein shall be based upon the conclusive presumption that the compensation earned by the Executive pursuant to the Company's compensation programs prior to a Change of Control is reasonable, provided, however, that in the event such Tax Counsel so requests in connection with the opinion required by this Section 8(b), the Company shall obtain at its expense, and Tax Counsel may rely on in providing the opinion, the advice of a firm of recognized executive compensation consultants as to the reasonableness of any item of compensation to be received by the Executive.

(c) Ruling. The Executive shall have the right to request that the Company obtain a ruling from the Internal Revenue Service ("IRS") as to whether any or all payments or benefits determined by such Tax Counsel are, in the view of the IRS, "parachute payments" under Section 280G. If a ruling is sought pursuant to the Executive's request, no Severance Benefits payable under this Agreement in

excess of the Section 280G limitation shall be made to the Executive until after fifteen (15) days from the date of such ruling; however, Severance Benefits shall continue to be paid during the time up to the amount of that limitation. For purposes of this Section 8, the Executive and the Company shall agree to be bound by the IRS's ruling as to whether payments constitute "parachute payments" under Section 280G. If the IRS declines, for any reason, to provide the ruling requested, the Tax Counsel's opinion shall control and the period during which the Severance Benefits may be deferred shall be extended to a date fifteen (15) days from the date of the IRS's notice indicating that no ruling would be forthcoming.

9. NOTICE. For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when hand-delivered, sent by telecopier, facsimile transmission, or other electronic means of transmitting written documents (as long as receipt is acknowledged) or mailed by United States certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive, to the address set forth on the signature page.

If to the Company: Sykes Enterprises, Incorporated
 100 North Tampa Street, Suite 3900
 Tampa, Florida 33602
 Attention: President

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that a notice of change of address shall be effective only upon receipt.

10. ENFORCEMENT, GOVERNING LAW, AND ATTORNEY'S FEES. It is stipulated that a breach by Executive of the restrictive covenants set forth in Sections 4 and 5 of this Agreement will cause irreparable damage to Company or its Clients, and that in the event of any breach of those provisions, Company is entitled to injunctive relief restraining Executive from violating or continuing a violation of the restrictive covenants as well as other remedies it may have. Additionally, such covenants shall be enforceable against the Executive's successors or assigns or by successor assigns.

The validity, interpretation, construction, and performance of this Agreement shall be governed by the internal laws of the State of Florida. Any litigation to enforce this Agreement shall be brought in the state or federal courts of Hillsborough County, Florida, which is the principal place of business for Company and which is considered to be the place where this Agreement is made. Both parties hereby consent to such courts' exercise of personal jurisdiction over them.

Except where required, to enforce the restrictive covenants regarding Not-to-Compete, No Solicitation, and Confidential Information, as provided in Sections 4 and 5 of this Agreement, Company and the Executive will each pay their own attorney's fees and costs in the event Company or the Executive must enforce any of the other rights granted to them, regardless of the outcome of any action seeking to enforce rights under this Agreement.

11. MISCELLANEOUS. No provision of this Agreement may be modified or waived unless such waiver or modification is agreed to in writing signed by the parties hereto; provided, however, that the terms of the performance bonus and fringe benefits set forth or Exhibit A may be amended by the Company in its discretion without the Executive's consent to the extent provided therein. No waiver by any party hereto of any breach by any other party hereto shall be deemed a waiver of any similar or dissimilar term or condition at the same or at any prior or subsequent time. This Agreement is the entire agreement between the parties hereto with respect to the Executive's employment by the Company and there are no agreements or representations, oral or otherwise, expressed or implied, with respect to or related to the employment of the Executive which are not set forth in this Agreement. Any prior agreement relating to the Executive's employment with the Company is hereby superseded and void, and is no longer in effect. This Agreement

shall be binding upon and inure to the benefit of the Company, its respective successors and assigns, and the Executive and his heirs, executors, administrators and legal representatives. Except as expressly set forth herein, no party shall assign any of his or its rights under this Agreement without the prior written consent of the other party and any attempted assignment without such prior written consent shall be null and void and without legal effect. The parties agree that if any provision of this Agreement shall under any circumstances be deemed invalid or inoperative, the Agreement shall be construed with the invalid or inoperative provision deleted and the rights and obligations of the parties shall be construed and enforced accordingly. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute but one and the same instrument. This Agreement has been negotiated and no party shall be considered as being responsible for such drafting for the purpose of applying any rule construing ambiguities against the drafter or otherwise.

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

SYKES ENTERPRISES, INCORPORATED

EXECUTIVE

By:

James A. Lamar

Address:

JAMES E. LAMAR
Group Executive
Executive Vice President
Business Services

EXHIBIT A TO EMPLOYMENT AGREEMENT

This Exhibit A is attached to and made a part of that certain Employment Agreement dated effective July 31, 2000, entered into by and between Sykes Enterprises, Incorporated (the "Company") and James E. Lamar (the "Executive"), which Employment Agreement supercedes and replaces that certain Employment Agreement dated March 6, 2000 entered into by and between the Company and the Executive.

TERM:	Period of time ending July 30, 2003
BASE SALARY:	\$4,461.54 per week
PERFORMANCE BONUS:	0% to 50% of annual base salary
FRINGE BENEFITS:	Standard fringe benefits for executives
STOCK OPTIONS:	40,000 options under the Sykes Enterprises, Incorporated 2000 Stock Option Plan. One-third of the options will vest on each of the first, second, and third anniversaries of the effective date of this Agreement.
COVENANT NOT TO COMPETE:	Twelve (12) months
NON-COMPETE PAYMENT:	\$ 2,230.77 per week for 52 weeks
LIQUIDATED DAMAGES:	\$2,230.77 per week
DIRECTORS & OFFICERS LIABILITY:	You will be covered by the Company's Directors and Officer Liability Policy the same as other officers of the Company.

THE COMPANY RESERVES THE RIGHT, AT ITS SOLE DISCRETION, AT SUCH TIME OR TIMES AS IT ELECTS, TO CHANGE OR ELIMINATE BONUSES OR OTHER BENEFITS.

IN WITNESS WHEREOF, the parties have executed this Exhibit A to the Employment Agreement as of the 31st day of July, 2000.

SYKES ENTERPRISES, INCORPORATED EXECUTIVE

By: _____

EXHIBIT NUMBER 10.27

EMPLOYMENT SEPARATION AGREEMENT

THIS EMPLOYMENT SEPARATION AGREEMENT (this "Agreement") is made and entered into as of the 20th day of September 2000, by and between SYKES ENTERPRISES, INCORPORATED, a Florida corporation ("Company"), and DALE W. SAVILLE, an individual ("Employee").

RECITALS:

- A. Pursuant to that certain Employment Agreement, dated March 1, 2000, by and between Company and Employee (the "Employment Agreement"), Employee is currently employed by Company as Senior Vice President and Chief Technology Officer.
- B. Employee wishes to terminate his 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 4 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. Notwithstanding the foregoing, (i) within 12 business days after the date hereof, Company shall pay to Employee an amount (determined in accordance with the Company's standard policy) equal to Employee's accrued but unpaid vacation as of the date hereof, and (ii) within 12 business days after the date hereof, Company shall pay to Employee an amount equal to Employee's accrued but unpaid bonuses through the date hereof.
- 3. CONFIDENTIALITY, NONCOMPETITION, AND NONSOLICITATION OBLIGATIONS. 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. Notwithstanding anything set forth in the Employment Agreement, Company shall not be obligated to pay any Non-Compete Payment (as defined in the Employment Agreement) or any other payment as a condition to Employee's continuing obligation to comply with Section 5 of the Employment Agreement.
 - b. Subsections 5(c)(1) and 5(c)(2) of the Employment Agreement are hereby amended by deleting said subsections in their entirety and replacing them with the following:

"(1) Directly or indirectly engage in, continue in, or carry on any of the Core Businesses (as defined below) or any business substantially similar thereto, including owning or controlling any financial interest in any corporation, partnership, firm, or other form of business organization which competes with or is engaged in or carries on any aspect of such business or any business substantially similar thereto (For purposes hereof, the term "Core Businesses" means the following businesses of the Company: (i) AnswerTeam™ and other e-support services offerings, and (ii) technical support and customer service.);

"(2) Consult with, advise, or assist in any way, whether or not for consideration, any corporation, partnership, firm, or other business organization which is now, becomes, or may become a competitor of the Company in any aspect of the Core Businesses, including, but not limited to, advertising or otherwise endorsing the products of any such competitor or loaning money or rendering any other form of financial assistance to or engaging in any form of transaction whether or not on an arm's length basis with any such competitor."

c. Notwithstanding anything set forth in the Employment Agreement, but subject to Section 3(d) below, Employee shall be permitted to seek and obtain employment from the companies listed on Exhibit A hereto. -----

d. In addition to the provisions of Section 5 of the Employment Agreement, Employee hereby agrees that he will not, at any time while Section 5(c) of the Employment Agreement is still in effect, provide or solicit the opportunity to provide any services to any persons or entities who, at any time on or prior to the date hereof, are or were customers or clients of Company or its subsidiaries.

4. WAIVER AND RELEASE. In consideration of the agreements of Company set forth herein (including Company's agreement to the amendments set forth in Section 3(b) above), 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, of any kind whatsoever, including, but not limited to, all matters relating to or arising out of Employee's employment with Company, the Employment Agreement, compensation by Company, or separation of employment from Company. This waiver and release covers any suits under Title VII of the Civil Rights Act of 1964, as amended; the Rehabilitation Act of 1973, as amended; the Equal Pay Act of 1963, as amended; the Age Discrimination in Employment Act of 1967, as amended; the Older Workers Benefit Protection Act; the Americans with Disabilities Act; the Civil Rights Act of 1991; Section 181 of the Civil Rights Act of 1866; the Florida Human Rights Act; the Florida Civil Rights Act of 1992; and any applicable Florida state employment laws. This waiver and release also covers administrative charges, actions and suits under the National Labor Relations Act, as amended; the Fair Labor Standards Act of 1938, as amended; the Employee Retirement Income Security Act of 1974, as amended; the Family and Medical Leave Act; any other federal or state law or municipal ordinance; and any lawsuits founded in tort (including

negligence), contract (oral, written or implied) or any other common law or equitable basis of action.

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; or (iv) as is necessary to comply with requests from Employee's accountants or attorneys for legitimate business purposes.

5. **NON-DISPARAGEMENT.** 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.

6. **RESIGNATION FROM OFFICES AND DIRECTORSHIPS.** Employee hereby resigns, effective as of the date hereof, from all offices and directorships, which Employee holds with Company and any subsidiary or affiliate of Company.

7. **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.

8. 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 Company of a breach of any condition of this Agreement by Employee shall not be construed as a waiver by Company of any subsequent breach by Employee. 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

DALE W. SAVILLE

By: _____
David L. Grimes,
President and Chief Executive Officer

Dale W. Saville, individually

EXHIBIT A

1. APAC Customer Services, Inc.
2. Atento
3. Etelecare
4. Home Shopping Network
5. Keane, Inc.
6. Knowlagent, Inc.
7. Kview
8. Mediacentric
9. Perot Systems
10. Star Tek, Inc.
11. Steam International
12. Tech Data Corp.
13. Verizon Data Services, Inc.
14. West Teleservices Corporation
15. Z-Tel Communications, Inc.

EMPLOYMENT SEPARATION AGREEMENT

THIS EMPLOYMENT SEPARATION AGREEMENT (this "Agreement") is made and entered into as of the 22nd day of September 2000, by and between SYKES ENTERPRISES, INCORPORATED, a Florida corporation ("Company"), and SCOTT J. BENDERT, an individual ("Employee").

RECITALS:

- A. Pursuant to that certain Employment Agreement, dated March 6, 2000, by and between Company and Employee (the "Employment Agreement"), Employee is currently employed by Company as an executive officer of Company.
- B. Employee wishes to terminate his 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 6 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 March 5, 2003 (the "Post-Employment Period"), Company will continue to pay to Employee an amount equal to the Employee's base salary as in effect under the Employment Agreement as of the date hereof. Such base salary shall continue to be paid in accordance with the prevailing payroll schedule for Company executives.
 - b. On the date hereof, Company shall pay to Employee, in a lump sum,
 - (i) Fifty Thousand and 00/100 Dollars (\$50,000) in lieu of all bonuses that Employee would otherwise be entitled to under the Employment Agreement, and (ii) an amount equal to the dollar value of all of Employee's accrued but unused vacation as of the date hereof.
 - c. Company shall pay to Employee an amount equal to the cash surrender value as of the date hereof of the split-dollar life insurance policy maintained by Company on the life of Employee. This amount shall be paid to Employee within three (3) business days of the date on which Company receives payment of such cash surrender value from the carrier providing such policy.
- 4. PAYMENT OF DEFERRED COMPENSATION PLAN ACCOUNT. Company will pay to Employee an amount equal to Employee's "Deferred Compensation Account" under the Sykes

Enterprises, Incorporated Executive Deferred Compensation Plan (the "Deferred Compensation Plan"). This payment will be made to Employee within thirty (30) calendar days after the first Valuation Date (as defined in the Deferred Compensation Plan) following the date hereof. Employee acknowledges and agrees that Employee will not be entitled to any matching contributions under the Deferred Compensation Plan.

5. CONTINUATION OF BENEFITS. Beginning on the date hereof and continuing hereafter during the Post-Employment Period, Company shall continue to provide Employee with the same (or substantially similar) health insurance coverage, dental insurance coverage, prescription drug plan, and life insurance (excluding "split-dollar" life insurance coverage) that is being provided to Employee by Company as of the date of this Agreement; provided, however, that in the event that Employee obtains full-time employment prior to the expiration of the Post-Employment Period, then Company's obligation to provide such benefits shall terminate upon the first day on which Employee would be eligible to receive benefits from his new employer.

6. 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 Sections 4 and 5 of the Employment Agreement shall continue at all times hereafter until the expiration of the Post-Employment Period;

b. Notwithstanding anything set forth in the Employment Agreement, Company shall not be obligated to pay any Non-Compete Payment (as defined in the Employment Agreement) or any other payment as a condition to Employee's continuing obligation to comply with Section 5 of the Employment Agreement.

c. For purposes of Section 5(c)(1) of the Employment Agreement, the term "business of the Company" shall be limited to the following services:
third-party technical product support and customer service, corporate help desk services, product distribution and fulfillment, computer diagnostic software, IT staffing, and consulting in the areas of e-business strategy, eCrm assessment and planning, and foreign language translation and localization. In the event that Employee is uncertain as to whether a particular business would fall within the definition of "business of the Company," then Employee shall consult with Company and seek the Company's written consent before engaging in, or providing any services to, any such business during the Post-Employment Period, and Company hereby agrees that such consent will not be unreasonably withheld.

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 Post-Employment Period, provide or solicit the opportunity to provide any services to any persons or entities who, at any time prior to the expiration of the Post-Employment Period, are or were customers or clients of Company or its subsidiaries.

7. 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, or (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).

8. **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.

9. **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.

10. **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.

11. CONSULTING ENGAGEMENT. Company hereby engages Employee, and Employee accepts such engagement, to provide consulting services to Company on an as-needed and as-requested basis with respect to Company financial, operational and other matters (the "Consulting Services"). For purposes of this consulting engagement and this Section 11, Employee shall be referred to as "Consultant". Consultant acknowledges that the consulting engagement set forth in this Section 11 is on an at-will basis and that Company may terminate such consulting engagement at any time (and for any reason) by providing at least ten (10) days prior written notice of termination to Consultant. The parties also agree that, for purposes of this consulting engagement, Consultant shall be deemed to be an independent contractor and shall not, and shall have no authority to, enter into negotiations for or enter into any contracts or commitments in the name of or on behalf of Company, and nothing set forth in this Section 11 creates a partnership or joint venture between Company and Consultant. In addition, Consultant acknowledges that he will receive IRS Form 1099s with respect to consulting fees paid to Consultant pursuant hereto, and Consultant will be responsible for the payment of all taxes on such consulting fees. In addition, the consulting engagement set forth in this Section 11 shall be subject to the following terms and conditions:

a. In consideration of the provision of Consulting Services by Consultant pursuant hereto, Company shall pay a consulting fee of \$1,500 per Work Day. For purposes hereof, a "Work Day" is any day on which Consultant provides at least four (4) hours of Consulting Services to Company. For purposes hereof, "Consulting Services" shall include out-of-town travel time expended by Consultant in the course of his engagement hereunder. Consultant shall invoice Company on a monthly basis with respect to consulting fees due hereunder, and such invoices shall contain appropriate details regarding the Consulting Services provided hereunder.

b. In addition to the consulting fees provided herein, Consultant will be entitled to reimbursement for all reasonable travel and other expenses incurred by Consultant in the course of providing Consulting Services, provided that such reimbursement shall be subject to the Company's general expense reimbursement policies and procedures. In addition, from time to time as circumstances reasonably require, Company will provide Consultant with reasonably suitable office space and support services for purposes of the provision of Consulting Services hereunder, including without limitation accounting, tax, legal, and administrative support services.

12. LITIGATION COOPERATION. Beginning on the date of this Agreement and continuing at all times hereafter, Employee and Company shall, without any additional compensation, 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. 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.

13. 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

SCOTT J. BENDERT

By: _____
David L. Grimes,
President and Chief Executive Officer

Scott J. Bendert, individually

Exhibit 15

November 17, 2000

Board of Directors

Sykes Enterprises, Incorporated

We are aware of the incorporation by reference in the Registration Statement (Form S-8 No. 333-23681) pertaining to the Sykes Enterprises, Incorporated, Non-Qualified Incentive Stock Option Plan and in the Registration Statement (Form S-8 No. 333-88359) pertaining to the Sykes Enterprises, Incorporated 1999 Employees' Stock Purchase Plan of our report dated November 17, 2000 relating to the unaudited consolidated interim financial statements of Sykes Enterprises, Incorporated that are included in its Form 10-Q for the three-month and nine-month periods ended September 30, 2000.

/s/ Ernst & Young LLP

Tampa, Florida

ARTICLE 5

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

PERIOD TYPE	9 MOS
FISCAL YEAR END	DEC 31 2000
PERIOD START	JAN 01 2000
PERIOD END	SEP 30 2000
CASH	26,919,935
SECURITIES	0
RECEIVABLES	138,070,703
ALLOWANCES	4,279,467
INVENTORY	0
CURRENT ASSETS	172,019,085
PP&E	0
DEPRECIATION	0
TOTAL ASSETS	364,406,163
CURRENT LIABILITIES	75,093,709
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	430,503
OTHER SE	207,747,547
TOTAL LIABILITY AND EQUITY	364,406,163
SALES	454,749,028
TOTAL REVENUES	454,749,028
CGS	0
TOTAL COSTS	289,071,026
OTHER EXPENSES	161,903,922
LOSS PROVISION	0
INTEREST EXPENSE	2,703,615
INCOME PRETAX	84,179,293
INCOME TAX	25,257,651
INCOME CONTINUING	58,921,642
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	58,921,642
EPS BASIC	1.41
EPS DILUTED	1.40

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