

SYKES ENTERPRISES INC

FORM 8-K (Current report filing)

Filed 04/04/06 for the Period Ending 03/29/06

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 8-K (Unscheduled Material Events)

Filed 4/4/2006 For Period Ending 3/29/2006

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

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): March 29, 2006

SYKES ENTERPRISES, INCORPORATED

(Exact name of registrant as specified in its charter)

Florida

(State or other jurisdiction
of incorporation)

0-28274

(Commission File Number)

56-1383460

(IRS Employer
Identification No.)

400 N. Ashley Drive,
Tampa, Florida

(Address of principal
executive offices)

33602

(Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.***Equity Compensation Awards to Executive Officers***

On March 29, 2006, the Compensation Committee of the Registrant approved awards of performance-based restricted shares and stock appreciation rights under the Registrant's 2001 Equity Incentive Plan (the "Plan"), as well as performance-based cash bonus awards, to certain executive officers as set forth below.

2006-2008 Performance Awards

On March 29, 2006, the Compensation Committee of the Registrant approved awards of performance-based restricted shares and stock appreciation rights under the Plan to certain executive officers as set forth below:

<u>Name</u>	<u>Title</u>	<u>SARs</u>	<u>Restricted Shares</u>
Charles Sykes	President & Chief Executive Officer	47,117	68,510
W. Michael Kipphut	SVP, Finance	20,731	30,371
Lawrence R. Zingale	SVP, Global Sales and Client Management	14,156	21,053
James Hobby	SVP, Global Operations	12,764	18,982
Bruce Woods	SVP, Healthcare & President, Sykes Canada	10,443	15,531
David Pearson	SVP & Chief Information Officer	5,907	8,654
Daniel Hernandez	SVP, Global Strategy	5,626	8,242
Jenna Nelson	SVP, Human Resources	5,626	8,242

Restricted Shares

The restricted shares are shares of the Registrant's common stock which are issued to the participant subject to (a) restrictions on transfer for a period of time and (b) forfeiture under certain conditions. With regard to 2/3 of the restricted shares (the "Income Based Restricted Shares"), such Income Based Restricted Shares vest and the restrictions on their transfer lapse with respect to such vested shares on March 29, 2009, provided that (i) the Income from Operations of the Registrant, as reported in its audited Consolidated Statement of Operations, has increased during fiscal years 2006, 2007 and 2008 (measured as of December 31, 2008) at least an amount equal to 10% compounded annual growth over the amount reported for the 2005 fiscal year ("Income from Operations Calculation"), and (ii) the participant is employed by the Registrant or a subsidiary on such date. The number of the Income Based Restricted Shares which will vest, and with regard to which the restrictions will lapse will be a number equal to 53.3% of the Income Based Restricted Shares in the event the Income from Operations Calculation is 10%, and will increase on a pro-rata basis up to a number equal to 66.7% of the Income Based Restricted Shares in the event the Income from Operations Calculation is 12.5%. In the event the Income from Operations Calculation is between 12.5% and 18.75%, the number of Income Based Restricted Shares which will vest, and with regard to which the restrictions will lapse will increase on a pro-rata basis between a number equal to 66.7% of the Income Based Restricted Shares up to a number equal to 100% of the Income Based Restricted Shares.

With regard to the other 1/3 of the restricted shares (the "Revenue Based Restricted Shares"), such Revenue Based Restricted Shares vest and the restrictions on their transfer lapse with respect to such vested shares on March 29, 2009, provided that (i) the Gross Revenue from Operations of the Registrant, as reported in its audited Consolidated Statement of Operations, has increased during fiscal years 2006, 2007 and 2008 (measured as of December 31, 2008) at least an amount equal to 4% compounded annual growth over the amount reported for the 2005 fiscal year ("Gross Revenue from Operations Calculation"), and (ii) the participant is employed by the Registrant or a subsidiary on such date. The number of the Revenue Based Restricted Shares which will vest, and with regard to which the restrictions will lapse will be a number equal to 53.3% of the Revenue Based Restricted Shares in the event the Gross Revenue from Operations Calculation is 4%, and will increase on a pro-rata basis up to a number equal to 66.7% of the Revenue Based Restricted Shares in the event the Gross Revenue from Operations Calculation is 5%. In the event the Gross Revenue from Operations Calculation is between 5% and 7.5%, the number of Revenue Based Restricted Shares which will vest, and with regard to which the restrictions will lapse will increase on a pro-rata basis between a number equal to 66.7% of the Revenue Based Restricted Shares up to a number equal to 100% of the Revenue Based Restricted Shares.

In the event of a change in control (as defined in the Plan) prior to the date the restricted shares vest, all of the restricted shares will vest and the restrictions on transfer will lapse with respect to such vested shares on the date of the change in control, provided that participant is employed by the Registrant or a subsidiary on the date of the change in control.

If the participant's employment with the Registrant or subsidiary is terminated for any reason, either by the Registrant or participant, prior to the date on which the restricted shares have vested and the restrictions have lapsed with respect to such vested shares, any restricted shares remaining subject to the restrictions (together with any dividends paid thereon) will be forfeited, unless there has been a change in control prior to such date.

Stock Appreciation Rights

The stock appreciation rights ("SARs") represent the right to receive that number of shares of common stock of the Registrant determined by dividing (i) the total number of shares of stock subject to the SARs being exercised by the participant, multiplied by the amount by which the fair market value (as defined in the Plan) of a share of stock on the day the right is exercised exceeds the fair market value of a share of stock on the date of grant of the SAR, by (ii) the fair market value of a share of stock on the exercise date.

The SARs have a term of 10 years, and 1/3 of the SARs vest and become exercisable on and after each of March 29, 2007, March 29, 2008 and March 29, 2009, provided that participant is employed by the Registrant or a subsidiary on such date. In the event of a change in control, the SARs will vest on the date of the change in control, provided that participant is employed by the Registrant or a subsidiary on the date of the change in control.

If the participant: (i) dies while employed by the Registrant or a subsidiary or within the period when the SARs could have otherwise been exercised by the participant; (ii) terminates employment with the Registrant or a subsidiary by reason of the permanent and total disability of the participant; or (iii) terminates employment with the Registrant or a subsidiary as a result of the participant's retirement, provided that the Registrant or such subsidiary has consented in writing to the participant's retirement, then, in each such case, the participant, or the representatives of the participant, will have the right, at any time within three months after the death, disability or retirement of the participant, and prior to the tenth anniversary of the date of grant of the SARs, to exercise the SARs to the extent the SARs were exercisable by the participant immediately prior to the participant's death, disability or retirement.

The SARs are exercisable only within three months after the termination of the participant's employment with the Registrant or a subsidiary, other than by reason of the participant's death, permanent disability or retirement with the consent of the Registrant or a subsidiary, but only if and to the extent the SARs were exercisable immediately prior to such termination. If the participant's employment is terminated for cause, or the participant terminates his or her own employment with the Registrant, any portion of the SARs not yet exercised (whether or not vested) terminates immediately on the date of termination of employment.

The restricted stock and SARs were awarded pursuant to a Restricted Share and Stock Appreciation Right Award Agreement in the form filed as Exhibit 99.1 to this report.

2005-2007 Performance Awards

On March 29, 2006, the Compensation Committee of the Registrant approved awards of performance-based restricted shares under the Plan, as well as performance-based cash bonus awards, to certain executive officers as set forth below:

<u>Name</u>	<u>Title</u>	<u>\$Bonus</u>	<u>Restricted Shares</u>
Charles Sykes	President & Chief Executive Officer	\$ 72,800	20,000
W. Michael Kipphut	SVP, Finance	\$ 45,500	12,500
James Hobby	SVP, Global Operations	\$ 29,120	8,000
Bruce Woods	SVP, Healthcare & President, Sykes Canada	\$ 29,120	8,000
David Pearson	SVP & Chief Information Officer	\$ 29,120	8,000
Daniel Hernandez	SVP, Global Strategy	\$ 29,120	8,000
Jenna Nelson	SVP, Human Resources	\$ 29,120	8,000

Restricted Shares

The restricted shares vest and the restrictions lapse with respect to such vested shares on March 29, 2008, provided that (i) the Income from Operations of the Registrant, as reported in its audited Consolidated Statement of Operations, has increased during fiscal years 2006 and 2007 (measured as of December 31, 2007) at least an amount equal to 10% compounded annual growth

over the amount reported for the 2005 fiscal year, and (ii) the participant is employed by the Registrant or a subsidiary on such date. In the event of a change in control prior to the date the restricted shares vest, all of the restricted shares will vest and the restrictions will lapse with respect to such vested shares on the date of the change in control, provided that participant is employed by the Registrant or a subsidiary on the date of the change in control.

Cash Bonus

The Registrant has agreed to pay the cash bonuses on March 29, 2008, provided that (i) the Income from Operations of the Registrant, as reported in its audited Consolidated Statement of Operations, has increased during fiscal years 2006 and 2007 (measured as of December 31, 2007) at least an amount equal to 10% compounded annual growth over the amount reported for the 2005 fiscal year, and (ii) the participant is employed by the Registrant or a subsidiary on such date. In the event of a change in control, the bonus will be payable on the date of the change in control, provided that participant is employed by the Registrant or a subsidiary on the date of the change in control.

If the participant's employment with the Registrant or a subsidiary is terminated for any reason, either by the Registrant or participant, prior to March 29, 2008, any unvested restricted shares and any bonus not then payable will be forfeited, unless there has been a change in control prior to such date.

The restricted stock and cash bonuses were awarded pursuant to a Restricted Share and Bonus Award Agreement in the form filed as Exhibit 99.2 to this report.

New Employment Agreement with Jenna R. Nelson

On April 4, 2006, the Company and Jenna R. Nelson entered into an employment agreement, the material terms and conditions of which are summarized below. This employment agreement replaces Ms. Nelson's employment agreement dated March 5, 2004.

The employment agreement provides that Ms. Nelson will serve as an executive of the Company. Ms. Nelson serves as Senior Vice President, Human Resources. The agreement will continue until terminated by one of the parties. Under the agreement, effective March 6, 2006, Ms. Nelson's annual base salary is to be not less than \$200,000, and she is entitled to participate in a performance-based bonus program and to standard executive fringe benefits.

If the agreement is terminated by the Company for any reason other than death, disability, or cause (as defined in the agreement), the Company is required to pay Ms. Nelson an amount equal to her weekly base salary for 52 weeks after the termination of the agreement. If Ms. Nelson's employment is terminated by the Company due to her death, disability or cause, or voluntarily by Ms. Nelson, then the Company will have no obligation to pay her any salary, bonus or other benefits other than those payable through the date of termination. In any event, Ms. Nelson may not compete with the Company in any area in which the Company's clients were conducting business during the term of the agreement, or solicit the Company's employees,

for a period of one year after termination of her employment. The agreement also contains customary confidentiality provisions.

Item 1.02. Termination of a Material Definitive Agreement.

The employment agreement between the Company and Jenna R. Nelson, dated March 5, 2004, was terminated and replaced with a new employment agreement, as described in Item 1.01 above.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

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|--------------|--|
| Exhibit 99.1 | Form of Restricted Share and Stock Appreciation Right Award Agreement |
| Exhibit 99.2 | Form of Restricted Share and Bonus Award Agreement |
| Exhibit 99.3 | Employment Agreement dated as of April 4, 2006, between Sykes Enterprises, Incorporated and Jenna R. Nelson. |
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SIGNATURES

Pursuant to the requirements of the Securities and 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

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

Date: April 4, 2006

RESTRICTED SHARE AND STOCK APPRECIATION RIGHT AWARD AGREEMENT

THIS RESTRICTED SHARE AND STOCK APPRECIATION RIGHT AWARD AGREEMENT (the “Agreement”), made effective as of _____, 2006, between Sykes Enterprises, Incorporated, a Florida corporation (the “Corporation”), and _____ (“Participant”).

RECITALS

In consideration of services to be rendered by the Participant and to provide an incentive to the Participant to remain with the Corporation and its Subsidiaries, it is in the best interests of the Corporation to make an award to Participant under the Sykes Enterprises, Incorporated 2001 Equity Incentive Plan (the “Plan”), which is incorporated herein by reference, consisting of (i) shares of the Corporation’s common stock, par value \$.01 per share (“Stock”) which will be issued subject to (a) restrictions on transfer for a period of time and (b) divestiture under certain conditions, all as described herein (“Restricted Stock”), and (ii) a Stock Appreciation Right, in accordance with the terms of this Agreement.

The Participant hereby acknowledges receipt of a copy of the Plan. Unless otherwise provided herein, terms used herein that are defined in the Plan and not defined herein shall have the meanings attributable thereto in the Plan.

NOW, THEREFORE, for and in consideration of the mutual premises, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Restricted Stock.

1.1 Grant of Restricted Stock. The Corporation hereby grants to Participant a total of _____(_____) shares of Stock (the “Restricted Shares”), subject to the transfer restrictions and other conditions set forth in this Agreement. The Corporation shall cause the Restricted Shares to be issued and a stock certificate representing the Restricted Shares to be registered in the name of Participant promptly upon execution of this Agreement, but the stock certificate shall be delivered to, and held in custody by, the Corporation until the applicable restrictions lapse at the times specified in Section 1.3 below. On or before the date of execution of this Agreement, Participant shall deliver to the Corporation one or more stock powers endorsed in blank relating to the Restricted Shares, which will permit transfer to the Corporation of all or any portion of the Restricted Shares and any securities constituting Retained Distributions (as defined below in Section 1.2(a)(ii)) that shall be forfeited or that shall not become vested in accordance with this Agreement.

1.2. Restrictions.

(a) Participant shall have all rights and privileges of a shareholder of the Corporation with respect to the Restricted Shares, including voting rights and the right to receive dividends paid with respect to such shares, except that the following restrictions shall apply, until such time or times as restrictions lapse under Section 1.3 of this Agreement:

(i) Participant shall not be entitled to delivery of the certificate or certificates for any of the Restricted Shares until the restrictions imposed by this Agreement have lapsed with respect to those Restricted Shares, at the times defined in Section 1.3;

(ii) other than regular cash dividends and such other distributions as the Board of Directors may in its sole discretion designate, the Corporation will retain custody of all distributions (“Retained Distributions”) made or declared with respect to the Restricted Shares (and such Retained Distributions will be subject to the same restrictions, terms and conditions as are applicable to the Restricted Shares) until such time, if ever, as the Restricted Shares with respect to which such Retained Distributions shall have been made, paid or declared shall have become vested, and such Retained Distributions shall not bear interest or be segregated in separate accounts;

(iii) the Restricted Shares may not be sold, transferred, assigned, pledged or otherwise encumbered or disposed of by Participant before these restrictions have lapsed pursuant to Section 1.3, except with the prior written consent of the Administrator; and

(iv) the Restricted Shares and Retained Distributions shall be subject to forfeiture upon termination of Participant’s employment with the Corporation to the extent set forth in Section 1.5 below and upon the breach of any restrictions, terms or conditions of this Agreement.

Once any portion of Participant’s Restricted Stock award has become vested under Section 1.3, the newly vested shares shall no longer be subject to the preceding restrictions, and shall no longer be considered to be Restricted Shares.

(b) Any attempt to dispose of Restricted Shares in a manner contrary to the restrictions set forth in this Agreement shall be ineffective.

1.3 When Restrictions Lapse.

(a) Restricted Shares Based Upon Operating Income. With regard to 2/3 of the Restricted Shares (the “Income Based Restricted Shares”), such Income Based Restricted Shares shall vest and the restrictions set forth in this Agreement shall lapse with respect to such vested shares on March 29, 2009, provided that (i) the Income from Operations of the Corporation, as

reported in its audited Consolidated Statement of Operations, has increased during fiscal years 2006, 2007 and 2008 (measured as of December 31, 2008) at least an amount equal to 10% compounded annual growth over the amount reported for the 2005 fiscal year (“Income from Operations Calculation”), and (ii) Participant is employed by the Corporation or a Subsidiary on such date. The number of the Income Based Restricted Shares which shall vest, and with regard to which the restrictions shall lapse shall be a number equal to 53.3% of the Income Based Restricted Shares in the event the Income from Operations Calculation is 10%, and shall increase on a pro-rata basis up to a number equal to 66.7% of the Income Based Restricted Shares in the event the Income from Operations Calculation is 12.5%. In the event the Income from Operations Calculation is between 12.5% and 18.75%, the number of Income Based Restricted Shares which shall vest, and with regard to which the restrictions shall lapse shall increase on a pro-rata basis between a number equal to 66.7% of the Income Based Restricted Shares up to a number equal to 100% of the Income Based Restricted Shares. Examples of this calculation are set forth on Exhibit “A.”

(b) Restricted Shares Based Upon Revenue. With regard to 1/3 of the Restricted Shares (the “Revenue Based Restricted Shares”), such Revenue Based Restricted Shares shall vest and the restrictions set forth in this Agreement shall lapse with respect to such vested shares on March 29, 2009, provided that (i) the Gross Revenue from Operations of the Corporation, as reported in its audited Consolidated Statement of Operations, has increased during fiscal years 2006, 2007 and 2008 (measured as of December 31, 2008) at least an amount equal to 4% compounded annual growth over the amount reported for the 2005 fiscal year (“Gross Revenue from Operations Calculation”), and (ii) Participant is employed by the Corporation or a Subsidiary on such date. The number of the Revenue Based Restricted Shares which shall vest, and with regard to which the restrictions shall lapse shall be a number equal to 53.3% of the Revenue Based Restricted Shares in the event the Gross Revenue from Operations Calculation is 4%, and shall increase on a pro-rata basis up to a number equal to 66.7% of the Revenue Based Restricted Shares in the event the Gross Revenue from Operations Calculation is 5%. In the event the Gross Revenue from Operations Calculation is between 5% and 7.5%, the number of Revenue Based Restricted Shares which shall vest, and with regard to which the restrictions shall lapse shall increase on a pro-rata basis between a number equal to 66.7% of the Revenue Based Restricted Shares up to a number equal to 100% of the Revenue Based Restricted Shares. Examples of this calculation are set forth on Exhibit “B.”

(c) Vesting Upon Change in Control. The foregoing notwithstanding, in the event of a Change in Control (as defined in the Plan) prior to the date the Restricted Shares vest, all of the Restricted Shares shall vest and the restrictions set forth in this Agreement shall lapse with respect to such vested shares on the date of the Change in Control, provided that Participant is employed by the Corporation or a Subsidiary on the date of the Change in Control.

1.4. Issuance of Stock Certificates for Shares. The stock certificate representing the Restricted Shares shall be issued promptly following the execution of this Agreement, and shall be delivered to the Corporate Secretary or such other custodian as may be designated by the Corporation, to be held until the restrictions have lapsed under Section 1.3. Such stock certificates shall bear the following legend:

The transferability of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of a Restricted Share and Stock Appreciation Right Award Agreement entered into between the registered owner and Sykes Enterprises, Incorporated. A copy of such Agreement is on file in the offices of, and will be made available for a proper purpose by, the Corporate Secretary of Sykes Enterprises, Incorporated.

Once the restrictions imposed by this Agreement have lapsed with respect to any portion of the Restricted Shares, upon the written request of Participant, a stock certificate or certificates for such portion of the Restricted Shares shall be returned and exchanged for new stock certificates without the foregoing legend for the newly vested portion of the Restricted Shares. Upon the written request of Participant, the certificates representing the newly vested shares shall be delivered to Participant (or to the person to whom the rights of Participant shall have passed by will or the laws of descent and distribution) promptly after the date on which the restrictions imposed on such shares by this Agreement have lapsed, but not before Participant has made any tax payment to the Corporation or made other arrangements for tax withholding, as required by Section 3. The certificate for any Restricted Shares which vest as a result of a Change in Control, shall be delivered promptly after the date of the Change in Control.

1.5. Forfeiture On Termination of Employment . If the Participant's employment with the Corporation or Subsidiary is terminated for any reason, either by the Corporation or Participant, prior to the date on which the Restricted Shares have vested and the restrictions set forth in this Agreement have lapsed with respect to such vested shares pursuant to Section 1.3, any Restricted Shares remaining subject to the restrictions imposed by this Agreement shall be forfeited, unless there shall have been a Change in Control (as defined in the Plan) prior to such date, in which event the provisions of Section 1.3(c) shall control.

2. Stock Appreciation Right .

2.1 Grant of Stock Appreciation Right . The Corporation hereby grants to Participant, as of the date hereof, a stock appreciation right (the "SAR") with respect to _____ (_____) shares of Stock (the "Covered Shares"), which represents the right to receive that number of shares of Stock determined by dividing (i) the total number of shares of Stock subject to the SAR being exercised by the Participant, multiplied by the amount by which the Fair Market Value of a share of Stock on the day the right is exercised exceeds the Fair Market Value of a share of Stock on the date of grant of the SAR (such amount being hereinafter referred to as the "Spread"), by (ii) the Fair Market Value of a share of Stock on the exercise date. This SAR is in all respects limited and conditioned as hereinafter provided and is subject to the terms and conditions of the Plan.

2.2. Vesting . Subject to the limitations herein, 1/3 of the SARs shall vest and be exercisable on and after each of March 29, 2007, March 29, 2008 and March 29, 2009, provided

that Participant is employed by the Corporation or a Subsidiary on such date. The foregoing notwithstanding, in the event of a Change in Control (as defined in the Plan), the SAR shall vest on the date of the Change in Control, provided that Participant is employed by the Corporation or a Subsidiary on the date of the Change in Control.

2.3 Exercise of SAR. Subject to the terms and conditions contained herein, including Section 2.2, Section 2.4 and Section 3, and in the Plan, the SAR, to the extent vested, may be exercised, in whole or in part, and the Participant shall become entitled to payment in Stock of the Spread with respect to the exercised portion of the SAR, by written notice to the Corporation at any time and from time to time, provided however, that the SAR shall terminate on, and shall not be exercisable in any event after, the tenth anniversary of the date hereof. The SAR is subject to cancellation as provided in the Plan.

2.4. Conditions to Exercise. The SAR may not be exercised by Participant unless the following conditions are met:

- (a) except as provided in Section 2.5 or Section 2.6 below, the Participant is employed by the Corporation or a Subsidiary on the date of exercise;
- (b) Participant shall have given written notice to the Corporation (to the attention of the Corporation's Secretary) with respect to the number of Covered Shares Participant intends to exercise;
- (c) Participant shall have complied with Section 3 hereof with regard to any withholding tax liability relating to such exercise; and
- (d) legal counsel for the Corporation must be satisfied at the time of exercise that the issuance of the shares of Stock upon exercise will be in compliance with the Securities Act and applicable United States Federal, state, local and foreign laws.

2.5 Retirement, Death Or Disability. If the Participant: (i) dies while employed by the Corporation or a Subsidiary or within the period when the SAR could have otherwise been exercised by the Participant; (ii) terminates employment with the Corporation or a Subsidiary by reason of the "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code) of the Participant; or (iii) terminates employment with the Corporation or a Subsidiary as a result of the Participant's retirement, provided that the Corporation or such Subsidiary has consented in writing to the Participant's retirement, then, in each such case, the Participant, or the duly authorized representatives of the Participant, shall have the right, at any time within three (3) months after the death, disability or retirement of the Participant, as the case may be, and prior to the termination of the SAR pursuant to Section 2.3 above, to exercise the SAR to the extent the SAR was exercisable by the Participant immediately prior to the Participant's death, disability or retirement.

2.6 Other Termination of Employment. The SAR shall be exercisable only within three (3) months after the termination of the Participant's employment with the Corporation or a Subsidiary, other than by reason of the Participant's death, permanent disability or retirement with the consent of the Corporation or a Subsidiary as provided in Section 2.5 above, but only if and to the extent the SAR was exercisable immediately prior to such termination. Notwithstanding the foregoing, if the Participant's employment is terminated for cause, or the Participant terminates his or her own employment with the Corporation, any portion of the SAR not yet exercised (whether or not vested) shall terminate immediately on the date of termination of employment. "Cause" shall have the meaning set forth in any employment agreement then in effect between the Participant and the Corporation or any of its Subsidiaries, or if the Participant does not have any employment agreement, "cause" shall mean (i) if the Participant engages in conduct which has caused, or is reasonably likely to cause, demonstrable and serious injury to the Corporation, (ii) the material negligence of, or failure to perform, the Participant's duties to the Corporation or (iii) if the Participant is convicted of a felony or a misdemeanor which substantially impairs the Participant's ability to perform his or her duties to the Corporation.

2.7 Payment of Spread. Upon exercise of all or a portion of this SAR, Participant shall be paid that number of shares of Stock equal to the quotient of (i) the Spread applicable to the number of Covered Shares to which this SAR is exercised divided by (ii) the Fair Market Value of a share of Stock on the date such notice was received by the Corporation (the "Exercise Date"), less any shares of Stock withheld to satisfy obligations for the payment of withholding taxes and other tax obligations relating to this SAR pursuant to Section 3. If any fractional share of Stock would otherwise be issued to the Participant upon the exercise of some or all of the SAR, the Participant shall be paid a cash amount equal to the same fraction of the Fair Market Value of the Stock on the date of exercise.

2.8 Transfer. This SAR (including the right to receive the shares of Stock) may not be sold, transferred, pledged, assigned, encumbered or otherwise alienated or hypothecated by Participant, other than by will or the laws of descent and distribution and, during the lifetime of Participant, the SAR may be exercised only by Participant (or, if Participant is incapacitated, by Participant's legal guardian or legal representative). In the event of the death of Participant, the exercise of the SAR may be made only by the executor or administrator of Participant's estate or the Person or Persons to whom Participant's rights under the SAR pass by will or the laws of descent and distribution. If Participant or anyone claiming under or through Participant attempts to violate this Section 2.8, such attempted violation shall be null and void and without effect, and all of the Corporation's obligations hereunder shall terminate. Any shares of Stock received upon exercise of this SAR are subject to the restrictions on transfer, if any, and other rights and obligations set forth in the Plan.

2.9 No Rights as a Stockholder. No Participant shall be deemed for any purpose to be the owner of any Stock subject to any SAR unless and until (a) the SAR shall have been exercised pursuant to the terms hereof, (b) the Corporation shall have issued and delivered the shares of Stock to the Participant (or made a book entry registration thereof) and (c) the Participant's name shall have been entered as a stockholder of record on the books of the

Corporation. Thereupon, Participant shall have full voting, dividend and other ownership rights with respect to such shares of Stock.

3. Tax Withholding. Whenever the restrictions on Participant's rights to some or all of the Restricted Shares lapse under Section 1.3 of this Agreement, and whenever Participant shall exercise some or all of the SAR under Section 2, or upon Participant's notification to the Corporation that Participant is filing an election with the Internal Revenue Service pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, with respect to the Restricted Shares or SAR, the Corporation shall notify Participant of the amount of tax which must be withheld by the Corporation under all applicable federal, state and local tax laws. Participant agrees to make arrangements with the Corporation to (a) remit a cash payment of the required amount to the Corporation, (b) to authorize the deduction of such amounts from Participant's compensation, (c) deliver to the Corporation shares of Stock currently held by the Participant (including newly vested Restricted Shares) with a Fair Market Value on the date of delivery to the Corporation equal to the required amount, or (d) to otherwise satisfy the applicable tax withholding requirement in a manner satisfactory to the Corporation.

4. Agreement Not to Affect Employment; No Implied Rights. None of this Agreement, the Restricted Shares or the SAR granted hereunder shall confer upon Participant any right to continued employment with the Corporation or any Subsidiary, and shall not in any way modify or restrict the Corporation's or such Subsidiary's right to terminate such employment. This Agreement shall not create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Corporation or any Subsidiary and the Participant or any other person.

5. Agreement Subject to the Plan. This Agreement and the rights and obligations of the parties hereto are subject to and governed by the terms of the Plan as the same may be amended from time to time, the provisions of which are incorporated by reference into this Agreement.

6. Miscellaneous.

(a) This Agreement may be executed in one or more counterparts, all of which taken together will constitute one and the same instrument.

(b) The terms of this Agreement may only be amended, modified or waived by a written agreement executed by both of the parties hereto.

(c) The validity, performance, construction and effect of this Agreement shall be governed by the laws of the State of Florida, without giving effect to principles of conflicts of law.

(d) This Agreement constitutes the entire agreement between the parties hereto with respect to the transactions contemplated herein.

(e) The headings contained in this Agreement are for purposes of convenience only and shall not affect the meaning or interpretation of this Agreement.

(f) Except as otherwise herein provided, this Agreement shall be binding upon and shall inure to the benefit of the Corporation, its successors and assigns, and of Participant and Participant's personal representatives.

(g) This Agreement may be executed by either of the parties (the "Originating Party") and transmitted to the other party (the "Receiving Party") by facsimile, telecopy, telex or other form of written electronic transmission, and, upon confirmation of receipt thereof by the Receiving Party, this Agreement shall be deemed to have been duly executed by the Originating Party. Upon the request of the Receiving Party, the Originating Party shall provide the Receiving Party with an executed duplicate original of this Agreement.

IN WITNESS WHEREOF , the parties have executed this Restricted Share and Stock Appreciation Right Award Agreement on the date and year first above written.

SYKES ENTERPRISES, INCORPORATED

By: _____

PARTICIPANT

RESTRICTED SHARE AND BONUS AWARD AGREEMENT

THIS RESTRICTED SHARE AND BONUS AWARD AGREEMENT (the “Agreement”), made effective as of _____, 2006, between SYKES ENTERPRISES, INCORPORATED, a Florida corporation (the “Corporation”), and _____ (“Participant”).

RECITALS

In consideration of services to be rendered by the Participant and to provide an incentive to the Participant to remain with the Corporation and its Subsidiaries, it is in the best interests of the Corporation to make a Performance Award to Participant consisting of (i) shares of Restricted Stock under the Sykes Enterprises, Incorporated 2001 Equity Incentive Plan (the “Plan”) which is incorporated herein by reference, and (ii) a cash bonus, in accordance with the terms of this Agreement.

The Participant hereby acknowledges receipt of a copy of the Plan. Unless otherwise provided herein, terms used herein that are defined in the Plan and not defined herein shall have the meanings attributable thereto in the Plan.

NOW, THEREFORE , for and in consideration of the mutual premises, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Grant of Restricted Shares .

The Corporation hereby grants to Participant a total of _____ (_____) shares of the common stock, \$.01 par value per share, of the Corporation (the “Restricted Shares”), subject to the transfer restrictions and other conditions set forth in this Agreement.

The Corporation shall cause the Restricted Shares to be issued and a stock certificate or certificates representing the Restricted Shares to be registered in the name of Participant promptly upon execution of this Agreement, but the stock certificate or certificates shall be delivered to, and held in custody by, the Corporation until the applicable restrictions lapse at the times specified in Section 3 below. On or before the date of execution of this Agreement, Participant shall deliver to the Corporation one or more stock powers endorsed in blank relating to the Restricted Shares, which will permit transfer to the Corporation of all or any portion of the Restricted Shares and any securities constituting Retained Distributions (as defined below in Section 2(a)(ii)) that shall be forfeited or that shall not become vested in accordance with this Agreement.

2. Restrictions .

(a) Participant shall have all rights and privileges of a shareholder of the Corporation with respect to the Restricted Shares, including voting rights and the right to receive dividends paid

with respect to such shares, except that the following restrictions shall apply, until such time or times as restrictions lapse under Section 3 of this Agreement:

(i) Participant shall not be entitled to delivery of the certificate or certificates for any of the Restricted Shares until the restrictions imposed by this Agreement have lapsed with respect to those Restricted Shares, at the times defined in Section 3;

(ii) other than regular cash dividends and such other distributions as the Board of Directors may in its sole discretion designate, the Corporation will retain custody of all distributions ("Retained Distributions") made or declared with respect to the Restricted Shares (and such Retained Distributions will be subject to the same restrictions, terms and conditions as are applicable to the Restricted Shares) until such time, if ever, as the Restricted Shares with respect to which such Retained Distributions shall have been made, paid or declared shall have become vested, and such Retained Distributions shall not bear interest or be segregated in separate accounts;

(iii) the Restricted Shares may not be sold, transferred, assigned, pledged or otherwise encumbered or disposed of by Participant before these restrictions have lapsed pursuant to Section 3, except with the consent of the Corporation; and

(iv) the Restricted Shares and Retained Distributions shall be subject to forfeiture upon termination of Participant's employment with the Corporation to the extent set forth in Section 6 below and upon the breach of any restrictions, terms or conditions of this Agreement.

Once any portion of Participant's Restricted Share award has become vested under Section 3, the newly vested shares shall no longer be subject to the preceding restrictions, and shall no longer be considered to be Restricted Shares.

(b) Any attempt to dispose of Restricted Shares in a manner contrary to the restrictions set forth in this Agreement shall be ineffective.

3. When Restrictions Lapse.

The Restricted Shares shall vest and the restrictions set forth in this Agreement shall lapse with respect to such vested shares on March 29, 2008, provided that (i) the Income from Operations of the Corporation, as reported in its audited Consolidated Statement of Operations, has increased during fiscal years 2006 and 2007 (measured as of December 31, 2007) at least an amount equal to 10% compounded annual growth over the amount reported for the 2005 fiscal year, and (ii) Participant is employed by the Corporation or a Subsidiary on such date. The foregoing notwithstanding, in the event of a Change in Control (as defined in the Plan) prior to the date the Restricted Shares vest, all of the Restricted Shares shall vest and the restrictions set forth in this Agreement shall lapse with respect to such vested shares on the date of the Change in Control, provided that Participant is employed by the Corporation or a Subsidiary on the date of the Change in Control.

4. Issuance of Stock Certificates for Shares .

The stock certificate or certificates representing the Restricted Shares shall be issued promptly following the execution of this Agreement, and shall be delivered to the Corporate Secretary or such other custodian as may be designated by the Corporation, to be held until the restrictions have lapsed under Section 3 . Such stock certificate or certificates shall bear the following legend:

The transferability of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of a Restricted Share Agreement entered into between the registered owner and Sykes Enterprises, Incorporated. A copy of such Agreement is on file in the offices of, and will be made available for a proper purpose by, the Corporate Secretary of Sykes Enterprises, Incorporated.

Once the restrictions imposed by this Agreement have lapsed with respect to any portion of the Restricted Shares, upon the written request of Participant, a stock certificate or certificates for such portion of the Restricted Shares shall be returned and exchanged for new stock certificates without the foregoing legend for the newly vested portion of the Restricted Shares. Upon the written request of Participant, the certificates representing the newly vested shares shall be delivered to Participant (or to the person to whom the rights of Participant shall have passed by will or the laws of descent and distribution) promptly after the date on which the restrictions imposed on such shares by this Agreement have lapsed, but not before Participant has made any tax payment to the Corporation or made other arrangements for tax withholding, as required by Section 6 . In the event all of some portion of the Restricted Shares vest and the restrictions imposed by this Agreement lapse as a result of a Change in Control as provided in Section 3 above, the certificate for such Restricted Shares shall be delivered promptly after the date of the Change in Control, if such date occurs after the publication of the Corporation's audited Consolidated Statement of Operations for the prior year, or promptly following such publication, if such Change in Control occurs after the end of the prior year but before such publication.

5. Cash Bonus . The Corporation shall pay a cash bonus to the Participant, in the amount of _____ Dollars (\$ _____ "Bonus Amount") on March 29, 2008, provided that (i) the Income from Operations of the Corporation, as reported in its audited Consolidated Statement of Operations, has increased during fiscal years 2006 and 2007, (measured as of December 31, 2007) at least an amount equal to 10% compounded annual growth over the amount reported for the 2005 fiscal year, and (ii) Participant is employed by the Corporation or a Subsidiary on such date. The foregoing notwithstanding, in the event a Change in Control (as defined in the Plan) triggers the vesting of the Restricted Shares pursuant to the provisions of paragraph 3 above, the Bonus Amount shall be payable on the date that the Restricted Shares vest.

This Agreement shall not create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Corporation or any Subsidiary and the Participant or

any other person. To the extent that the Participant or any other person acquires a right to receive payments from the Corporation or any Subsidiary pursuant to this Agreement, such right shall be no greater than the right of any unsecured general creditor of the Corporation.

6. Tax Withholding.

Whenever the restrictions on Participant's rights to some or all of the Restricted Shares lapse under Section 3 of this Agreement and some or all of the Bonus Amount becomes payable, or upon Participant's filing an election with the Internal Revenue Service pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, with respect to the Restricted Shares, the Corporation shall notify Participant of the amount of tax which must be withheld by the Corporation under all applicable federal, state and local tax laws. Participant agrees to make arrangements with the Corporation to (a) remit a cash payment of the required amount to the Corporation, (b) to authorize the deduction of such amounts from Participant's compensation or (c) to otherwise satisfy the applicable tax withholding requirement in a manner satisfactory to the Corporation.

7. Forfeiture On Termination of Employment.

If the Participant's employment with the Corporation or Subsidiary is terminated for any reason, either by the Corporation or Participant, prior to March 29, 2008, any Restricted Shares remaining subject to the restrictions imposed by this Agreement, and any Bonus Amount not then payable, shall be forfeited, unless there shall have been a Change in Control (as defined in the Plan) prior to such date, in which event the provisions of Section 3 and Section 5 shall control.

8. Agreement Not to Affect Employment.

Neither this Agreement nor the Restricted Shares granted hereunder shall confer upon Participant any right to continued employment with the Corporation or any Subsidiary, and shall not in any way modify or restrict the Corporation's or such Subsidiary's right to terminate such employment.

9. Agreement Subject to the Plan. This Agreement and the rights and obligations of the parties hereto are subject to and governed by the terms of the Plan as the same may be amended from time to time, the provisions of which are incorporated by reference into this Agreement.

10. Miscellaneous.

(a) This Agreement may be executed in one or more counterparts, all of which taken together will constitute one and the same instrument.

(b) The terms of this Agreement may only be amended, modified or waived by a written agreement executed by both of the parties hereto.

(c) The validity, performance, construction and effect of this Agreement shall be governed by the laws of the State of Florida, without giving effect to principles of conflicts of law.

(d) This Agreement constitutes the entire agreement between the parties hereto with respect to the transactions contemplated herein.

(e) Except as otherwise herein provided, this Agreement shall be binding upon and shall inure to the benefit of the Corporation, its successors and assigns, and of Participant and Participant's personal representatives.

(f) This Agreement may be executed by either of the parties (the "Originating Party") and transmitted to the other party (the "Receiving Party") by facsimile, telecopy, telex or other form of written electronic transmission, and, upon confirmation of receipt thereof by the Receiving Party, this Agreement shall be deemed to have been duly executed by the Originating Party. Upon the request of the Receiving Party, the Originating Party shall provide the Receiving Party with an executed duplicate original of this Agreement.

IN WITNESS WHEREOF , the parties have executed this Restricted Share Agreement effective as of the date and year first above written.

SYKES ENTERPRISES, INCORPORATED

By: _____

PARTICIPANT

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 **4th day of April, 2006**, by and between SYKES ENTERPRISES, INCORPORATED, a Florida corporation (the "Company"), and **Jenna R. Nelson** (the "Executive").

WITNESSETH:

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 designated from time to time by the Company's Chief Executive Officer and/or the Chief Executive Officer's designee. The Executive accepts such employment and agrees to devote his/her 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 Chief Executive Officer. If the Company's Chief Executive Officer determines in good faith that such activities conflict with the Executive's performance of his/her duties hereunder, the Chief Executive Officer shall notify Executive within thirty (30) days and the Executive shall promptly cease such activities to the extent as directed by the Chief Executive Officer. If the Chief Executive Officer does not provide such notice, Executive shall be free to engage in such commercial duties or pursuits. 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

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Initial

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 until terminated as provided herein (such term shall herein be defined as the "Term"). The Executive agrees that some portions of this Agreement, including the Sections entitled "Confidential Information," "Covenant Not-To-Compete And No Solicitation," "Termination," and "Arbitration of Disputes," 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 and shall be eligible to participate in and receive payments or awards from all other bonus and other incentive compensation, stock option and restricted stock plans as may be adopted by the Company, all as determined by the Compensation Committee of the Board of Directors in its sole discretion.

(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 Clients 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 Clients;

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

(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 Clients (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 the greater of one (1) year or such other period during which Executive may receive

Liquidated Damages hereunder, 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 of any kind, 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 the Company 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 of a company

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

(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 only 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/her death.

(b) Disability. If during the Term of this Agreement 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/her 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 so long as the terms of any disability insurance policy then in effect provide for Executive to receive disability payments from that date forward.

(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 failure or refusal to perform his/her duties or responsibilities hereunder as determined by the Company's Chief Executive Officer in good faith, if such failure or refusal continues for a period of ten (10) days after written notice of the same to the Executive; (iv) for gross incompetence; (v) for the Executive's violation of this Agreement, including, without limitation, Section 5 hereof; (vi) for chronic absenteeism; (vii) for use of illegal drugs; (viii) for insobriety by the Executive while performing his or her duties hereunder; and (ix) for any act of dishonesty or falsification of reports, records, or information submitted by the Executive to the Company.

(d) Termination by the Company for Convenience. Subject to the Company's obligation to pay Liquidated Damages in accordance with the terms and conditions of this Agreement, the Company may terminate Executive's employment hereunder at any time, for the Company's convenience and without reason, by delivering written notice of termination to the Executive.

(e) Payments Upon Termination. In the event of a termination of the Executive's employment, all payments and Company benefits to the Executive hereunder, except the payment of Liquidated Damages (if any) provided below, shall immediately cease and terminate. In the event the Company terminates the Executive's employment pursuant to Section 6(d) hereof, the Company shall pay the Executive an amount equal to the Liquidated Damages defined in this Section 6(f) in lieu of actual damages for such termination. If the Executive's employment terminates or is terminated for any reason other than as specified in the preceding sentence, the Executive shall not be entitled to any Liquidated Damages. Notwithstanding anything to the contrary herein contained, and in addition to any other compensation which the Executive may be entitled to receive pursuant to this Agreement, the Executive shall receive all compensation and other benefits to which he/she was entitled under this Agreement or otherwise as an executive of the Company through the termination date. The "Liquidated Damages" amount, if due as provided above, shall be equal to the weekly amount stated

as Base Salary on Exhibit "A" for fifty two (52) weeks, or, if the termination giving rise to Liquidated Damages takes effect during the initial two years of this Agreement, then the Liquidated Damages amount shall be equal to the greater of (i) the weekly amount stated as Base Salary on Exhibit "A" for fifty two (52) weeks, or (ii) the weekly amount stated as Base Salary on Exhibit "A" for the remainder of the initial two year period of this Agreement following the effective date of termination. The amount of Liquidated Damages shall be paid biweekly in equal installments over such period.

(f) Condition Precedent to Receipt of Liquidated Damages. Executive expressly agrees that in the event of a termination of this Agreement, Executive will execute an agreement containing waiver and release provisions in form and substance acceptable to the Company. Executive agrees and acknowledges that the execution of such an agreement upon termination of employment is a condition precedent to the obligation of the Company to pay any Liquidated Damages hereunder. Executive acknowledges that the waiver and release provisions required by the Company will provide for the release and waiver of important rights and/or claims that Executive might have against the Company at the time of termination of this Agreement.

7. 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
400 North Ashley Drive, Suite 2800
Tampa, Florida 33602
Attention: Sr. VP of Human Resources

with a copy to:

Sykes Enterprises, Incorporated
400 North Ashley Drive, Suite 2800
Tampa, Florida 33602
Attention: General Counsel

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.

8. ENFORCEMENT AND GOVERNING LAW. 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 heirs, executors, administrators and legal representatives, and enforceable by Company's successors or 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.

9. ARBITRATION OF DISPUTES.

(a) Duty to Arbitrate. Except for any claim by the Company to enforce the restrictive covenants set forth in Sections 4 and 5 above, Company and Executive agree to resolve by binding arbitration any claim or controversy arising out of or related to Executive's employment by Company or this Agreement, to include all matters directly or indirectly related to your recruitment, employment or termination of employment by the Company including, but not limited to claims involving laws against discrimination whether brought under federal and/or state law, and/or claims involving co-employees but excluding workers compensation claims, whether such claim is based in contract, tort, statute, or any other legal theory, including any claim for damages, equitable relief, or both. The duty to arbitrate under this Section extends to any claim by or against any officer, director, shareholder, employee, agent, representative, parent, subsidiary, affiliate, heir, trustee, legal representative, successor, or assign of either party making or defending any claim that would otherwise be arbitrable under this Section. However, this Section shall not be interpreted to preclude either party from petitioning a court of competent jurisdiction for temporary injunctive relief, solely to preserve the status quo pending arbitration of the claim or controversy, upon a proper showing of the need for such relief.

(b) The Arbitrator. A single arbitrator will conduct the arbitration in Tampa, Florida, U.S.A., in accordance with the Commercial Arbitration Rules of the American Arbitration Association (the "Rules"), and judgment upon the written award rendered by the arbitrator may be entered in any court of competent jurisdiction. Notwithstanding the application of the Rules, however, discovery in the arbitration, including interrogatories, requests for production, requests for admission, and depositions, will be fully available and governed by the Federal Rules of Civil Procedure and Local Rules of the United States District Court for the Middle District of Florida. The parties may agree upon a person to act as sole arbitrator within thirty (30) days after submission of any claim or controversy to arbitration pursuant to this Section. If the parties are unable to agree upon such a person within such time period, an arbitrator shall be selected in accordance with the Rules. The parties will pay their own respective attorneys' fees, witness fees, and other costs and expenses incurred in any investigations, arbitrations, trials, bankruptcies, and appeals; provided, however, that the Company will pay the filing fees, hearing fees, and processing fees associated with arbitration hereunder.

(c) Limitations Period. The parties agree that any claim or controversy that would be arbitrable under this Section must be submitted to arbitration within one (1) year after the claim or controversy arises and that a failure to institute arbitration proceedings within such time period shall constitute an absolute bar to the institution of any proceedings, in arbitration or in any court, and a waiver of all such claims. This Section will survive the expiration or early termination of this Agreement.

(d) **Governing Law.** This Agreement shall be governed in its construction, interpretation, and performance by the laws of the State of Florida, without reference to law pertaining to conflict of laws. However, the Federal Arbitration Act, as amended, will govern the interpretation and enforcement of this Section.

(e) **Attorneys' Fees.** The prevailing party in any arbitration or dispute, or in any litigation, arising out of or related to Executive's employment by Company or this Agreement, shall be entitled to recover all reasonable attorneys' fees incurred on all levels and in all proceedings, unless otherwise provided by law.

(f) **Severability.** Each part of this Section is severable. A holding that any part of this Section is unenforceable will not affect the duty to arbitrate under this Section.

10. 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 on 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/her heirs, executors, administrators and legal representatives. Except as expressly set forth herein, no party shall assign any of his/her 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; provided, however, that Company may assign this Agreement to any party that acquires all or substantially all of Company's assets or business, without Executive's consent. 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: /s/ James Holder

James Holder, VP, General Counsel and
Corporate Secretary

By: /s/ Jenna R. Nelson

Jenna R. Nelson, Senior VP, Human
Resources

Address:

Executive Term
Revised 02/05

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EXHIBIT "A" TO EMPLOYMENT AGREEMENT

BASE SALARY: **\$3,846.15** per week payable biweekly beginning March 6, 2006

PERFORMANCE BONUS: Eligible to participate in performance based bonus program(s) as defined by the Company

FRINGE BENEFITS: Eligible for standard executive benefits

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

IN WITNESS WHEREOF, the parties have executed this Exhibit "A" as of the **4th day of April, 2006.**

SYKES ENTERPRISES, INCORPORATED

EXECUTIVE

By: /s/ James Holder _____

By: /s/ Jenna R. Nelson _____

James Holder, VP, General Counsel and
Corporate Secretary

Jenna R. Nelson, Senior VP, Human
Resources

Executive Term
Revised 02/05

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