

SYKES ENTERPRISES INC

FORM 10-K405

(Annual Report (Regulation S-K, item 405))

Filed 03/29/00 for the Period Ending 12/31/99

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-K405

(Annual Report (Regulation S-K, item 405))

Filed 3/29/2000 For Period Ending 12/31/1999

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

Generated by EDGAR Online Pro
<http://pro.edgar-online.com>



Contact EDGAR Online
Customer Service: 203-852-5666
Corporate Sales: 212-457-8200

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the fiscal year ended December 31, 1999

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 for the transition period from _____ to _____

Commission File Number 0-28274

SYKES ENTERPRISES, INCORPORATED

(Exact name of registrant as specified in its charter)

Florida
(State or other jurisdiction of
incorporation or organization)

56-1383460
(IRS Employer
Identification No.)

100 N. Tampa Street, Suite 3900, Tampa, Florida
(Address of principal executive offices)

33602
(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act: None

**Securities registered pursuant to Section
12(g) of the Act:**

**Title of Each Class
Voting Common Stock \$.01 Par Value**

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 the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to

Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

As of March 21, 2000, there were 42,074,008 shares of Common Stock outstanding. The aggregate market value of the voting stock held by non-affiliates of the registrant based on the last sale price reported on the Nasdaq National Market as of March 21, 2000 was \$410,939,912.

DOCUMENTS INCORPORATED BY REFERENCE:

Documents
Portions of the 1999 Sykes Enterprises,
Incorporated Annual Report..... Part II Items 5-8

Page 1 of 34 Pages
Exhibit Index is on Page 31.

Sykes Enterprises, Incorporated

Form 10-K Annual Report

TABLE OF CONTENTS

	Page No.
Cautionary Statements of Forward Looking Information	
PART I	
Item 1 Business.....	1
Item 2 Properties.....	20
Item 3 Legal Proceedings.....	22
Item 4 Submission of Matters to a Vote of Security Holders.....	22
PART II	
Item 5 Market for Registrant's Common Equity and Related Stockholder Matters.....	22
Item 6 Selected Financial Data.....	22
Item 7 Management's Discussion and Analysis of Financial Conditions and Results of Operations.....	22
Item 7a Qualitative and Quantitative Disclosures About Market Risk.....	23
Item 8 Financial Statements and Supplementary Data.....	23
Item 9 Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.....	23
PART III	
Item 10 Directors and Executive Officers of the Registrant.....	23
Item 11 Executive Compensation.....	23
Item 12 Security Ownership of Certain Beneficial Owners and Management.....	23
Item 13 Certain Relationships and Related Transactions.....	23
PART IV	
Item 14 Exhibits, Financial Statement Schedules, and Reports on Form 8-K.....	23

Certain matters discussed or incorporated by reference in this report are forward-looking statements within the meaning of the federal securities laws. Words such as "may," "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," variations of such words, and similar expressions are intended to identify forward-looking statements. Similarly, statements that describe the Company's future plans, objectives, or goals also are forward-looking statements. These statements are not guarantees of future performance and are subject to a number of risks and uncertainties, including those discussed below and elsewhere in this report. The Company's actual results may differ materially from what is expressed or forecasted in such forward-looking statements.

Factors that could cause actual results to differ materially from what is expressed or forecasted in such forward-looking statements include, but are not limited to, the marketplace's continued receptivity to the Company's bundled service offering; the Company's ability to continue the growth of its support service revenues through additional technical support centers; the Company's ability to further penetrate into vertically integrated markets; the Company's ability to expand its e-commerce service platform revenues; the Company's ability to continue to establish a competitive advantage through sophisticated technological capabilities; the outcome of pending litigation against the Company; the Company's ability to continue growth through acquisitions or expansion of its existing operations; the Company's ability to manage growth; the Company's ability to complete any recommended alternatives with respect to SHPS; the loss of a significant customer; technological change; the Company's ability to integrate the operations of acquisitions; risks associated with the Company's international operations and expansion; the Company's ability to attract and retain experienced personnel; the continuance of the industry trend toward outsourcing of information technology services; the emergency interruption of technical support center operations; the loss of any senior management or key personnel; risks associated with SHPS' care management contracts; potential legal liability for SHPS' care management services; potential legal liability of SHPS as a benefits administrator under ERISA and COBRA; risks on SHPS relating to laws governing the corporate practice of medicine; risks on SHPS relating to telemedicine; possible adverse effect on SHPS of national and state healthcare reform proposals, and other risks discussed elsewhere in this report and in other filings of the Company with the Securities Exchange Commission.

PART I

Item 1 Business

GENERAL

Sykes Enterprises, Incorporated ("Sykes" or the "Company") is a global leader in providing vertically integrated technology-based solutions through an integrated strategy combining its information technology services with an emerging e-commerce platform. Sykes' continues to leverage its position as a leading provider of information technology services by assisting its clients in capitalizing on the growth of e-commerce over the Internet. Sykes' e-commerce service platform enables it to comprehensively continue to expand by serving as a single-source provider of Internet-based technology solutions throughout the life cycle of a customer's e-commerce needs. Through its 38 technical call centers and other offices and e-commerce distribution centers located in the United States, Canada, Latin America, Europe, Africa, China, and The Philippines, Sykes' provides services to leading computer hardware and software companies by providing technical support to end users of their products and to major companies by providing corporate help desk and additional business services. Through SHPS, Incorporated ("SHPS"), a wholly-owned subsidiary, Sykes' can also provide on-line clinical managed care services, medical protocol products, and employee benefit administration and support services. The integration of its existing technology services with its emerging global e-commerce platform enables Sykes' customers to take full advantage of increasing customer loyalty, business expansion and effectiveness, all while lowering their total costs.

Through its state-of-the-art technical support centers, Sykes provides traditional and web-enabled information technology support services (i) to leading computer hardware and software companies by providing technical product support services to end users of their products and (ii) to major companies by providing help desk services to their employees. The Company also provides outsourced care management services, products, and employee benefit administration services through SHPS. In addition, through its staff of technical professionals, Sykes provides information technology development services and solutions to large corporations, on a contract or temporary staffing basis, including web-site and software design, development, integration and implementation; systems support and maintenance; and documentation, foreign language translation and software localization. Sykes also provides e-commerce distribution services to computer hardware and software companies including design, replication, material integration, packaging and distribution. The integration of these services provides Sykes' customers the opportunity to outsource a broad range of their information technology services needs to the Company.

The Company believes that outsourcing by information technology companies, internet "virtual" companies and companies with information technology needs will continue to grow as increasing competition encourages businesses to focus on their core competencies rather than non-revenue producing activities or infrastructure. Rapid technological changes, significant capital requirements for state-of-the-art technology, and the need to integrate and update complex information technology systems spanning multiple generations of hardware and software components make it increasingly difficult for businesses to cost-effectively maintain quality information technology services in-house.

Sykes was founded in 1977 in North Carolina and moved its headquarters to Florida in 1993. In March 1996, Sykes changed its state of incorporation from North Carolina to Florida. Sykes headquarters are located at 100 North Tampa Street, Suite 3900, Tampa, Florida 33602, and its telephone number is (813) 274-1000.

RECENT DEVELOPMENTS

On January 25, 2000, Sykes announced that it had lowered its expected earnings per share for the fourth quarter of 1999. On January 31, 2000, Sykes announced that the release of its fourth quarter and year end results for 1999 would be delayed for approximately seven days. On February 7, 2000, Sykes announced that it had lowered its expected revenues and earnings per share for the year 2000. Sykes also announced on February 7, 2000, that it would restate its previously reported financial results for the second and third quarters of 1999. The restatement stemmed from the application of revenue recognition accounting rules and delaying the recognition of revenues in connection with fees associated with Sykes' AnswerTeam(TM), a diagnostic desktop tool.

Since February 1, 2000, 12 lawsuits that purport to be class actions based on one or more of these announcements and other announcements relating to Sykes' financial condition and future prospects have been filed against Sykes and certain of its officers. These lawsuits assert, among other things, various claims under the federal securities laws including claims under sections 10(b) and 20(a) under the Securities Exchange Act of 1934. See "Item 3. Legal Proceedings."

On February 29, 2000, Sykes announced that it had engaged Donaldson, Lufkin & Jenrette Securities Corporation as Sykes' financial advisor to assist Sykes in identifying and exploring alternatives to enhancing shareholder value with respect to SHPS. SHPS was formed through the establishment of a joint venture in December, 1997, to focus integrated services in the healthcare market. Sykes acquired the remaining interest in SHPS in September, 1998.

On March 3, 2000, Sykes announced a series of senior management appointments. James E. Lamar was appointed Group Executive and Senior Vice President - International. Mr. Lamar had been Sykes Vice President and Managing Director of Europe, Middle East, Africa (EMEA). Mr. Lamar is headquartered in Amsterdam, the Netherlands at Sykes International Headquarters Facility. In this Group Executive position, Mr. Lamar will be responsible for all international operations and the strategy and tactics necessary to expand Sykes' relationships as well as its global e-services platform.

Scott J. Bendert was appointed Group Executive and Senior Vice President - Operations Performance and Administration. Mr. Bendert's knowledge and financial expertise will be utilized to focus and enhance operations in the areas of localization, distribution, fulfillment, technical support, and professional services in conjunction with the Americas and International groups. Mr. Bendert joined Sykes in 1993 as Chief Financial Officer, was named Treasurer in 1994, and was named Senior Vice President in 1995.

Gerry L. Rogers was appointed Group Executive and Senior Vice President - The Americas. Mr. Rogers joined Sykes in January 1999 as the Group Vice President - The Americas. As the Group Executive for the Americas, he will have total responsibility of operations, service support, professional services and distribution and fulfillment delivery for Canada, Latin America and the United States.

W. Michael Kipphut joined Sykes as its Vice President and Chief Financial Officer on March 6, 2000. Mr. Kipphut joined Sykes from USA Floral Products, Inc., a publicly held worldwide perishable products distributor, where he was Chief Financial Officer. Prior to USA Floral Products, Inc., Mr. Kipphut held the position of Vice President and Treasurer for Spalding & Evenflo Companies, Inc., a global manufacturer of consumer products.

Chad Carlson was appointed Vice President and General Manager for Operations - the Americas. Mr. Carlson had been the Vice President for Customer Service and Support for the Americas. Mr. Carlson will be responsible for e-commerce distribution and fulfillment in addition to customer service and support for the Americas.

Dale W. Saville was appointed Senior Vice President and Chief Technology Officer. Mr. Saville had been Sykes' Vice President Technology Development. Mr. Saville will be responsible for the evaluation and development of new

product and service offerings as well as establishing a consistent deployment schedule to enhance our value added services platform to our clients worldwide.

Charles E. Sykes was appointed Senior Vice President Marketing and Global Alliances. Mr. Sykes had been the Vice President Sales - Americas for the past two years. Prior to his sales assignment, Mr. Sykes held several positions in operations, accounting, professional services and recruitment. In this newly created position, Mr. Sykes will assist in the development of branding, internal and external communications, web consultation, marketing strategy as well as continuing to manage our global strategic accounts.

ACQUISITION AND DIVESTITURE ACTIVITY IN 1999

Effective April 1, 1999, the Company sold its manufacturing solutions unit to CIStech, Inc. for approximately \$2.5 million. The manufacturing solutions unit provided software development, systems integration and equipment sales primarily for the manufacturing industry. The decision to sell this unit was based on a determination that the unit did not meet Sykes' business focus towards technical support and e-commerce services.

On August 20, 1999, the Company acquired all of the common stock of CompuHelpline, Inc., (doing business as 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.

Effective 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.

Effective October 12, 1999, the Company acquired the AnswerExpress Support Suite for \$2.5 million in cash. The AnswerExpress Support Suite expanded the Company's diagnostic capabilities by providing its customers with access to both technical support and a set of support tools. The AnswerExpress product includes virus protection, Internet data storage and retrieval, and access to a technical support agent. The transaction was accounted for under the purchase method of accounting with resulting goodwill being amortized over a ten-year life.

INDUSTRY BACKGROUND

In today's rapidly changing technological environment, consumers and businesses require a variety of information technology services in order to effectively use and manage their complex information technology systems, including technical support, e-commerce solutions, software development and information systems integration and management. Information technology services have become much more important in this environment as Information Technology departments strive to integrate a company's information processing capabilities into a single system while providing the flexibility to change with technological innovations.

Technological changes are making it increasingly difficult and expensive for companies to maintain in-house the necessary personnel to handle all of their information technology and e-commerce needs. Hardware and software companies, as well as businesses utilizing their products, are increasingly turning to third party vendors to perform specialized functions and services. Outsourcing of (i) product support functions by leading hardware and software companies, (ii) employee help desk functions by major companies, and (iii) other information technology services such as software design and systems integration and management, is growing rapidly because of the following factors:

- o Increasing need for companies to focus on core competencies rather than non-revenue producing activities;
- o Rapid technological changes requiring personnel with specialized technical expertise;
- o Growing capital requirements for sophisticated technology necessary to provide timely product support and help desk functions;

- o Increasing need to integrate and continually update complex systems incorporating a variety of hardware and software components spanning a number of technology generations;
- o Extensive and ongoing staff training and associated costs required to maintain responsive, up-to-date in-house technical support and information technology services; and
- o Cost savings from converting fixed employee costs to flexible, variable costs.

As the outsourcing of technical product support, help desk and other information technology services has gained acceptance, many companies also are seeking to consolidate the number of vendors which provide them with these services. Accordingly, providers of information technology outsourcing services must offer a wide array of services to maintain a preferred vendor relationship with their customers. Sykes believes its broad range of services will allow it to be competitive in this environment.

STRATEGY

The Company's objective is to continue its growth and to become a leading provider of a wide variety of information technology outsourcing services by being responsive to and providing skilled personnel for its clients' long-term outsourcing needs. The Company's principal strategies for achieving this objective are as follows:

Continue The Significant Growth of the Company's Support Service Revenue Through Additional Technical Support Centers on a Global Basis. Sykes has grown utilizing a strategy of both internal growth and external acquisitions. This plan has resulted in an increase from three technical support centers in 1994 to 38 technical support centers as of February 15, 2000, with three additional facilities under construction. The Company's technical support centers currently have the capacity to handle up to approximately 85 million calls per year. Sykes has systematized the establishment and ongoing operation of its domestic technical support centers by: (i) locating the centers in smaller communities, near a college or university, with a relatively low cost structure and a technically proficient, stable work force; (ii) constructing the technical support centers modeled after the same prototype; (iii) utilizing standardized procedures to hire and train technicians; and (iv) maintaining consistently responsive, high quality services through call monitoring and tracking technology and other quality assurance procedures. The Company's systematic approach and procedures are part of its strategy of providing responsive, high quality support at a lower cost than the Company's competitors.

Continue to Expand the Company's E-Commerce Service Platform by Serving as a Single-Source Provider of Solutions Throughout The Lifecycle of a Customer's E-Commerce Needs. Sykes' has created a E-commerce service platform that provides for a single-source provider of services for its customers. The basis for this platform is a sophisticated infrastructure that facilitates integrated "front-end" e-services such as web design, sales order processing, financial transaction management and customer support. In addition, Sykes' offers to its clients "back-end" processes that include material integration and packaging, pre-press and print production, and comprehensive fulfillment services.

Market the Company's Array of Services to Existing Customers to Position Sykes as a Preferred Vendor. The Company intends to cross-market its expanded array of information technology services to existing customers and to continue to provide consistently high quality services to new and existing customers in order to position the Company as a preferred vendor of outsourced services. Sykes believes that its ability to work in partnership with its customers during the life cycle of their information technology products and systems, from software design and systems implementation, through technical documentation and foreign language translation, to product packaging and distribution, to end user technical product support and other telephonic services, gives it a competitive advantage to become the provider of choice to its customers. Sykes has expanded the services it provides, such as help desk and diagnostic support services through its existing relationships with Fortune 500 companies, particularly those customers using the Company's services to satisfy all or part of their information technology development services and solutions needs.

Establish a Competitive Advantage Through Sophisticated Technology. The Company seeks to establish a competitive advantage by continuing to capitalize on its sophisticated and specialized technological capabilities, including its current private ATM network that provides the Company the ability to redirect inquiries and to also carry voice and data over the same network. Additional technological capabilities include automatic call distributors, call tracking software and computer-telephone integration that allow Sykes's technical support centers to serve as the transparent extension of the Company's customers, receive telephone calls and data directly from its customers' systems, and report detailed information

concerning the status and results of the Company's services on a daily basis. The Company's sophisticated technology and systems, which the Company is able to upgrade periodically because of their open architecture, enable the Company to provide high response rates at a low cost per transaction.

The Company's strategy is to continue to develop or acquire other technologies that complement its call center activity functions. For example, the Company intends to integrate the capabilities of its sophisticated diagnostic proprietary software with Sykes' technical support centers to further enhance the efficiency and quality of the Company's information technology support services, and believes that enhancements to this software will enable it to access and offer information technology support services directly to the home and small business markets.

Further Growth Through Vertically Integrated Markets. The Company believes that numerous industries such as retail, telecommunications, financial services, healthcare and education will expand their usage of outsourcing vendors from the significant usage of emerging technologies. The Company's strategy is to aggressively market itself to new and existing customers as a single-source provider of comprehensive and clinically sophisticated care management and employee benefit services. In addition, the Company intends to continue to expand its service offerings to meet its customers' existing needs as well as future needs created by regulatory and other charges.

Growth Through Strategic Alliances. The Company intends to expand its customer base, geographic presence and the information technology services by forming strategic alliances with other information technology service providers, particularly those who do not provide labor intensive technical support. Sykes' has entered into two such strategic alliances during 1999. The first of these alliances was with Support.Com, a provider of internet support services and solutions. The second of the alliances announced by the Company was with Perot Systems Corporation, a global information technology services and business solutions company. The Company continues to actively seek support and e-commerce contracts with such strategic partners.

Growth Through Selective Acquisitions and Mergers. Subject to market conditions, the Company intends to continue to acquire or combine with complementary businesses to increase market share, expand its services, enter key industry sectors and expand its geographic presence when such transactions can be effected on favorable terms. Through December 31, 1999 the Company has completed 14 such strategic combinations since its initial public offering in April 1996. The Company believes it can expand the scope and quality of its information technology support services by acquiring or combining with companies with technical support centers in international markets which provide quality call center activities for leading computer hardware and software companies, as well as companies which enhance its ability to provide such services. The Company further believes that significant opportunities exist to acquire or combine with organizations which provide information technology services within the Company's strategic focus of emerging technology industries, such as the banking and telecommunications industries in which the Company competes on a limited basis. The information technology services industry is highly fragmented. Many of these firms may be attractive acquisition or merger candidates because they would enable Sykes to expand existing service offerings or open new geographic offices.

SERVICES

The Company provides a wide array of information technology outsourcing services, including information technology support services and information technology development services and solutions. The following is a description of Sykes' outsourcing services:

Technical Product Support. Sykes provides technical product support services by e-mail, web-based bulletin boards and telephone (24 hours a day, 7 days a week) to end users of the products of hardware and software companies through its 17 stand-alone technical support centers in the United States, three centers in Canada, two centers in Costa Rica, and 16 international technical support centers located in Europe, South Africa, China and The Philippines. Consumers of hardware or software products of Sykes' customers dial a technical support number listed in their product manuals and are automatically connected to a Sykes' technical support technician who is specially trained in the applicable product and acts as a transparent extension of the client hardware or software company in diagnosing problems and answering technical questions. The centers also provide technical product support by electronic mail and electronic bulletin boards. The technical support centers in Europe and Asia provide support in 16 languages to 20 European and Asian countries.

Technical product support services provided through technical support centers generally are billed to the client based on a fee per e-mail or call, rate per minute or time and material basis. As a result of the significant infrastructure costs required for each technical support center, the Company requires a minimum billing amount to facilitate planning and capital needs. Help desk services usually are billed at a flat rate per employee per month, with the per employee charge varying depending on the customer's total number of employees and the complexity of its information systems.

The Company provides a technical support proprietary diagnostic service tool (AnswerTeam(TM)), capable of being included on the hard drive of a personal computer, that integrates communication and remote control technology with hardware and software diagnostic tools to provide end users a total support solution. This technology capability allows a user, with AnswerTeam(TM) loaded on their computer, to connect to a technical support technician located in a Sykes center at the mouse click of an icon. Once connected the end user can receive support from traditional voice response means or the technician, with the user's authorization, can remotely fix the computer system directly from the call center. The end user can also receive support through the Internet or via E-mail.

The Company also develops and markets the proprietary hardware diagnostic software for use by manufacturers, professional service personnel and end users. Proprietary diagnostic products are developed and marketed for use with a variety of operating systems which include software used by personal computer manufacturers for quality assurance and pre-installed or bundled software used by professional service personnel and end users for verifying component functionality, troubleshooting, resolving hardware and software conflicts and hardware repairs.

Help Desk Services. The Company provides help desk services to major companies, at their facilities or through the technical support centers, that have outsourced technical support for their internal information technology systems. Employees of Sykes' customers telephone the help desk number provided to them by their employer for technical assistance. Trained technicians dedicated to a specific customer answer questions and diagnose and resolve technical problems ranging from a simplistic error message to a wide area network failure.

Software Design, Development, Integration and Implementation. Sykes' professional personnel provide software application design services geared toward the development of a functional and technical blueprint for a client's desired software application. These professionals identify applicable business processes supported by an application and its related functions, determine end user requirements and prepare a comprehensive plan for developing and implementing the application. Additional services provided could also include on an independent program basis development of custom software necessary to operate a desired application, integration of the application into the customer's existing information processing architecture, the testing of the functionality of the application and assisting the customer in training its personnel to use the application.

Software Localization and Documentation Development. Sykes also specializes in the development of product information for high-tech companies worldwide. Through its software localization, translation, technical documentation, and on-line information development services, Sykes provides turnkey solutions to help customers deliver their products to worldwide markets. Localization services include cultural adaptation, language translation, interface modification and international testing in over 30 languages. Technical documentation and on-line development services are provided in many leading formats (DOC, RTF, HTML, SGML) and a variety of platforms (Windows, Mac, Unix).

E-Commerce Distribution Services. The Company provides e-commerce distribution services to computer hardware and software organizations as well as other technology companies. These services include design, replication, printing documentation, material integration, packaging and distribution. The products are distributed to various levels of the distribution chain as directed by the customer.

Systems Specialization and Maintenance. Sykes' professional personnel provide a variety of services designed to support and maintain client/server systems and mainframe and midrange platforms. These services include systems administration, maintenance and management support, applications enhancement and training services. Information technology development services and solutions engagements generally are billed on a time and material basis.

Care Management. The Company's care management services and products assist customers in improving the quality of healthcare services provided to plan participants and monitor patients' compliance with their prescribed course of treatment, while simultaneously reducing unnecessary medical costs. The Company's care management services are designed to prospectively assist in determining an individual's healthcare needs and monitor and evaluate the delivery of clinical care provided. The Company's clinical staff, comprised of registered nurses and physicians, interacts with patients, providers and payors to assist in determining, implementing and monitoring an effective and efficient customized care management program based on each patient's medical profile. The Company's care management services include demand, utilization, care disease and disability management. In addition, for providers and payors that wish to perform their own utilization management or quality assurance functions, the Company provides quality and utilization managed care software solutions through its Optimed software products and related services. These products are based on Optimed protocols developed and reviewed by the Company's medical panel of approximately 250 board certified physicians.

Employee Benefit Administration and Support Services. The Company's Employee Benefit Services allow its customers to outsource the administration of their employee benefit plans, including enrolling new plan participants, developing and maintaining records, verifying or paying claims and producing management reports. The Company provides a broad range of Employee Benefit Services, including benefit plan administration ("BPA"), flexible spending account ("FSA") administration, COBRA administration, retiree benefits services and other ancillary services.

OPERATIONS

Technical support centers. The Company's strategy in the United States is to locate its technical support centers in smaller communities with similar demographic characteristics, typically near a college or university. The Company believes these characteristics tend to provide a well-educated, technically proficient employee pool from which to attract qualified candidates. These locations also tend to have lower labor and infrastructure costs than large metropolitan areas.

New technical support centers are established to accommodate anticipated growth in the Company's business or in response to a specific customer need. The Company believes that additional technical support centers will be established in the United States and Europe and potentially in Asia, the Pacific Rim region and South America.

A typical domestic technical support center is approximately 42,000 square feet, has 425 work stations and can handle in excess of 12,000 user transactions per day. The technical support centers employ current technology in PBX switches, call tracking software, telephone-computer integration, interactive voice response and relational database management systems that are integrated into centrally managed local area networks and wide area networks. The Company's sophisticated equipment and technology enable it to serve as the transparent extension of its customers at a low cost per transaction and provide its customers with immediate access to the status and results of the Company's services. Due to its modular, open system architecture, the Company's computer system allows timely system updates and modifications.

The Company utilizes sophisticated call tracking software and systems to provide efficient scheduling of personnel to accommodate fluctuations in call volume. Automated call distributors and digital switches identify each call by the number dialed and automatically route the call to a technician with the applicable knowledge and training. The technical product support calls are routed directly from the end user to the technical support center or are overflow calls routed from the client's place of business.

Technical support center systems capture and download to permanent databases a variety of information concerning each call for reporting on a daily basis to customers, including number and duration of calls (which are important for billing purposes), response time and results of the call. Summary data and complete databases are made available to the customer to enable it to monitor the level of service provided by the Company, as well as to determine whether end users of its products are encountering recurring problems that require modification. The databases also provide Sykes' customers with considerable marketing information concerning end users, such as whether the user is a home or business user and regional differences in purchasing patterns or usage. The Company maintains tape backups and offsite storage to assure the integrity of its reporting systems and databases.

The technical support centers are protected by a fire extinguishing system and backup generators and short-term battery backup in the event of a power outage, reduced voltage or power surge. Rerouting of telephone calls to one of the other technical support centers is also available in the event of a telecommunications failure, natural disaster or other emergency. Security measures are imposed to prevent unauthorized access. Software and related data files are backed up daily and stored off site at multiple locations. The Company carries business interruption insurance covering interruptions that might occur as a result of damage to its business. In addition, the Company believes that it has adequate arrangements with its equipment vendors pursuant to which damaged equipment can be replaced promptly.

E-commerce Distribution Centers. Sykes has expanded its e-commerce distribution services during 1997 and 1998 through acquisitions, and through its ability to utilize the Internet. Sykes has three distribution centers located in the United States and six distribution centers located in Europe. Each of these centers have e-commerce capabilities through which the Company offers a broad range of brands in each of the product categories it covers, and meets the needs of customers who prefer to deal with a single source for many of their product needs. Sykes is continually evaluating new products, the demand for current products, and its overall product mix.

Service and Solution Offices. Sykes' professional personnel are assigned to one of the Company's 24 offices, which are located in metropolitan areas throughout the United States, Canada, Europe and Singapore in order to be closer to their major customers. Each office is responsible for staffing the professional personnel needs of customers within its geographic region and customers referred from other offices based on specialized needs. These offices give Sykes the ability to (i) offer a broad range of professional services on a local basis, and (ii) respond to changing market demands in each geographical area served. The number of professionals assigned to each office ranges from 3 to 150.

Each office is staffed with one or more account executives whose goal is to become the client's partner in evaluating and meeting the client's information technology needs. The account executive's primary responsibilities include: client development; understanding and identifying clients' information technology service needs; working closely with recruiters to staff assignments appropriately; setting billing rates for each assignment; and monitoring ongoing assignments. Each account executive is responsible for between four and ten active corporate accounts, some of which may involve several projects with multiple operating units of a particular company. The account executive cultivates and maintains relationships with the client's chief information officer and numerous department and project managers within the client's organization.

The account executive has responsibility for staffing an assignment on a timely basis. Upon receiving a new assignment, the account executive prepares a proposal with assignment specifications and distributes the proposal to a recruiter who is familiar with the professionals who have the expertise required for the assignment. The account executive reviews the recruiter's recommended candidates, submits the resumes of qualified employees and other available candidates to the client and schedules client interviews of the candidates. Typically, an assignment is staffed within five working days.

QUALITY ASSURANCE

Sykes carefully trains, monitors and supervises its employees to enhance the efficiency and the quality of its services. The training of new technicians at the technical support centers is conducted in-house through certified trainers or by professionals supplied by the Company's customers. Sykes actively recruits highly skilled professionals to staff specific assignment needs of its information technology development services and solutions customers. Generally, employees also receive ongoing training throughout the year to respond to changes in technology.

A technical support center manager supervises project leaders, team leaders and technicians dedicated to individual customer accounts. Each team leader at the technical support centers monitors approximately ten technicians. A project leader supervises a particular customer's account by monitoring calls and reviewing quality standards. Using the Company's proprietary, sophisticated call tracking software, the project leader monitors the number of calls each technician handles, the duration of each call, time between calls, response time, number of queries resolved after the first call and other statistics important in measuring and enhancing productivity and service levels. Remote and on-site call monitoring systems and on-line performance tracking are used to enhance high quality services. Customers have daily access to a variety of measures of service performance tracked by the Company's technology and can monitor calls directly through the Company's remote call monitoring systems.

The Company emphasizes a team approach in order to provide high quality, customized solutions to meet its clients' information technology development services and solutions needs. The central role in this team approach is provided by the Company's account executives and recruiters who work together to achieve a successful relationship between the client and the Company's professional staff. The team shares information on active and prospective clients, reviews the availability of professionals and discusses general market conditions. Such forums enable the teams to remain informed and knowledgeable on the latest technologies and to identify business development opportunities as they emerge.

The Company is committed to providing its customers with the highest quality services. To that end, the Company's technical support center in Sterling, Colorado has received ISO 9002 certification, an international standard for quality assurance and consistency in operating procedures. The Company's other locations are ISO 9002 compliant, but not certified. The Company anticipates that ISO 9002 certification may become a factor to organizations outsourcing their technical product support or help desk functions. Consequently, the Company has modeled each technical support center after ISO 9002 procedures to achieve consistency and quality. In addition, the Company received the STAR Award for the years 1995 through 1999 in the highest call volume category. This award has been presented annually since 1988 by the Software Support Professionals Association (SSPA) to the software support company that achieves superior customer satisfaction and call metrics.

SALES AND MARKETING

The Company's marketing objective is to develop long-term relationships with existing and potential clients to become the preferred vendor of their information technology outsourcing services. Sykes believes that its significant client base provides excellent opportunities for further marketing and cross selling of its broad range of capabilities. The Company markets its information technology services through a variety of methods, including client referrals, personal sales calls, advertising in industry publications, attending trade shows, direct mailings to targeted customers, telemarketing and cross selling additional services to existing clients. The Company currently employs 95 people in its direct sales force.

As part of its marketing efforts, the Company invites potential and existing customers to visit the technical support centers, where the Company demonstrates its sophisticated telecommunications and call tracking technology, quality procedures and the knowledge of its technicians. The company also demonstrates its ability to quickly accommodate a new customer or a significant increase in business from an existing customer by emphasizing its systematic approach to establishing and managing technical support centers.

The Company emphasizes account development to strengthen its relationships with its customers. Sales representatives and account executives are assigned to a limited number of accounts in order to develop a complete understanding of each customer's particular needs, to form strong customer relationships and encourage cross selling of other services offered by the Company. Account executives also receive incentives for cross selling the Company's services.

The Company's customer product services sales force is composed of field sales representatives who manage relationships with the accounts. In addition, the Company has inside customer sales representatives who receive product orders and answer customer inquiries. The Company will process the order and ship the product from the appropriate distribution center. Customer product services are generally billed to the client based on a per unit basis.

Sykes is expanding its efforts to obtain contracts with customers lasting six months or longer to increase recurring revenues, maximize utilization of professional personnel and enhance long-term relationships. The Company also is attempting to obtain contracts to provide for the management of specific information technology projects, rather than providing professionals to staff client-managed projects. This activity is directed towards a view of enhancing profit margins through the provision of value-added management services.

CUSTOMERS

The Company has customers in the United States, Canada, Latin America, Europe, the Phillipines, and South Africa. The Company's customers include Fortune 500 corporations and leading hardware and software companies. The Company believes its nationally recognized customer base presents opportunities for further cross-marketing of its services.

Adobe Systems Incorporated, which became the Company's largest customer as a result of a business combination during 1997, accounted for 10% of the Company's consolidated revenues for the year ended December 31, 1997. Although Adobe continued to expand its business relationship and revenues with Sykes, neither it nor any other single customer accounted for 10% of revenues for the years ended December 31, 1998 and 1999, respectively. The Company's loss of (or the failure to retain a significant amount of business with) its key customers could have a material adverse effect on the Company. The Company's largest ten customers accounted for approximately 45% of the consolidated revenues in 1999. Generally, the Company's contracts are cancelable by each customer at any time or on short-term notice, and customers may unilaterally reduce their use of the Company's services under such contracts without penalty. Sykes provided services to approximately 1,500 customers during 1999.

COMPETITION

The industry in which the Company competes is extremely competitive and highly fragmented. While many companies provide information technology services, management believes no one company is dominant. There are numerous and varied providers of such services, including firms specializing in various call center operations, product distribution, temporary staffing and personnel placement companies, language translation companies, developers of software diagnostic tools, general management consulting firms, major accounting firms, divisions of large hardware and software companies and niche providers of information technology services, many of whom compete in only certain markets. The Company's competitors include many companies who may possess substantially greater resources, greater name recognition and a more established customer base than the Company. In addition, the services offered by the Company historically have been provided by in-house personnel.

The Company believes that the most significant competitive factors in the sale of its services include quality and reliability of services, flexibility in tailoring services to customer needs, price, experience, reputation and comprehensive and integrated services. As a result of intense competition, information technology development services and solutions engagements frequently are subject to pricing pressure. Customers also require vendors to be able to provide services in multiple locations. Competition for contracts for many of Sykes' services takes the form of competitive bidding in response to requests for proposals.

INTELLECTUAL PROPERTY

The Company relies upon a combination of contract provisions and trade secret laws to protect the proprietary technology it uses at its technical support centers and facilities, and relies on a combination of copyright, trademark and trade secret laws to protect its proprietary software. The Company attempts to further protect its trade secrets and other proprietary information through agreements with employees and consultants. The Company does not hold any patents and does not have any patent applications pending. There can be no assurance that the steps taken by the Company to protect its proprietary technology will be adequate to deter misappropriation of its proprietary rights or third party development of similar proprietary software. Sykes(R), REAL PEOPLE, REAL SOLUTIONS(R), and SHPS(R) are registered servicemarks of the Company. Sykes holds a number of registered trademarks, including DIAGSOFT(R), QAPLUS/WIN(R), PC Builder(R), ETSC(R), FS PRO(R) and FS PRO MARKETPLACE(R), Sykes AnswerTeam(R), Sykes AnswerExpress(R), and OPTIMED(R). In addition, the Company owns all copyrights to HI CARES.

EMPLOYEES

As of February 18, 2000, the Company had 14,004 full-time employees, consisting of 95 in sales and marketing, 10,803 customer support technicians at the technical support centers, 1,217 technical professionals, 900 in e-commerce and distribution services and 989 in management, administration and finance.

The technical and service nature of the Company's business makes its employees an important corporate asset. While the market for qualified personnel is extremely competitive, the Company believes its relationship with its employees is good. The Company's employees with the exception of three employees in Scotland, are not represented by any labor union.

The Company recruits its professional personnel through a continually updated recruiting network. This network includes a seasoned team of technical recruiters, a Company-wide candidate database, internet/newspaper advertising, candidate referral programs and job fairs. However, demand for qualified professionals conversant with certain technologies may outstrip supply as new skills are needed to keep pace with the requirements of customer engagements. Competition for such personnel is intense and employee turnover in this industry is high.

FACTORS INFLUENCING FUTURE RESULTS AND ACCURACY OF FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that are based on current expectations, estimates, forecasts, and projections about the Company, management's beliefs, and assumptions made by management. In addition, other written or oral statements which constitute forward-looking statements may be made from time to time by or on behalf of Sykes. Words such as "may," "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," variations of such words, and similar expressions are intended to identify such forward-looking statements. Similarly, statements that describe the Company's future plans, objectives, or goals also are forward-looking statements. These statements are not guarantees of future performance and are subject to a number of risks and uncertainties, including those discussed below and elsewhere in this report. The Company's actual results may differ materially from what is expressed or forecasted in such forward-looking statements. The Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Factors that could cause actual results to differ materially from what is expressed or forecasted in such forward-looking statements include, but are not limited to: the marketplace's continued receptivity to Sykes 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 e-commerce service platform revenues; Sykes' ability to continue to establish a competitive advantage through sophisticated technological capabilities, and the following risk factors:

RISKS ASSOCIATED WITH SYKES

The Company Faces Uncertainties Relating To Pending Litigation

Sykes' faces uncertainties relating to the pending litigation described in "Item 1. Business - Recent Developments" and "Item 3. Pending Litigation." Sykes cannot predict the outcome of these lawsuits or the impact that they may have on the Company. Sykes also cannot predict whether any other suits, claims, or investigations may arise in the future based on the same claims. The outcome of any of these lawsuits or any future lawsuits, claims, or investigations relating to the same subject matter may have a material adverse impact on the Company's financial condition and results of operations.

The Company Faces Potential Difficulties In Continuing To Expand And Manage Growth

Sykes has grown rapidly and its future growth may depend to some extent on its ability to successfully complete strategic acquisitions to expand or complement its existing operations. The Company cannot guarantee that it will be able to continue to expand or successfully manage its growth. The Company also cannot guarantee that acquired entities will achieve levels of revenue and profitability or otherwise perform as expected, or be consummated on acceptable terms to enhance shareholder value. This growth has placed, and is expected to continue to place, significant demands on Sykes' management.

The Company's Strategy of Growing through Selective Acquisitions and Strategic Alliances Involves Potential Risks

The Company pursues opportunities to expand through acquisitions and strategic alliances. The Company may be unable to identify companies that complement its strategy, and even if it identifies a company that complements its strategy, Sykes may be unable to acquire or enter into a strategic alliance with the company. In addition, the recent decrease in the price of the Company's common stock could hinder Sykes' growth strategy, including growth through acquisitions.

The Company's acquisition strategy involves other potential risks. These risks include:

- o the inability to obtain the capital required to finance potential acquisitions on satisfactory terms; and
- o the diversion of management's attention to the integration of the businesses to be acquired;
- o the risk that the acquired businesses will fail to maintain the quality of services that Sykes has historically provided;
- o the need to implement financial and other systems and add management resources;
- o the risk that key employees of the acquired business will leave after the acquisition;
- o potential liabilities of the acquired business;

- o unforeseen difficulties in the acquired operations;
- o adverse short-term effects on Sykes' operating results;
- o lack of success in assimilating or integrating the operations of acquired businesses with those of Sykes;
- o the dilutive effect of the issuance of additional equity securities;
- o the incurrence of additional debt or issuing additional equity securities as a result of future acquisitions;
- o the amortization of goodwill and other intangible assets involved in any acquisitions that are accounted for using the purchase method of accounting;
- o the businesses we acquire not proving profitable; and incurring additional indebtedness.

The Company may Encounter Difficulties in Implementing its Proposed Strategic Initiative

The Company engaged Donaldson, Lufkin & Jenrette Securities Corporation as its financial advisor to assist Sykes in identifying and exploring alternatives to enhancing shareholder value with respect to SHPS. The Company may not be able to complete any recommended alternatives with respect to SHPS on terms the Company finds acceptable.

Rapid Technological Change

The market for information technology services is characterized by rapid technological advances, frequent new product introductions and enhancements, and changes in customer requirements. Sykes' future success will depend in large part on its ability to service new products, platforms, and rapidly changing technology. These factors will require Sykes to provide adequately trained personnel to address the increasingly sophisticated, complex and evolving needs of its customers. In addition, Sykes' ability to capitalize on its acquisitions will depend on its ability to continually enhance software and services and adapt such software to new hardware and operating system requirements. Any failure by Sykes to anticipate or respond rapidly to technological advances, new products and enhancements, or changes in customer requirements could have a material adverse effect on Sykes' business, financial condition and results of operations.

Dependence on Key Customers

Sykes derives a substantial portion of its revenues from a few clients. Sykes' largest ten customers accounted for approximately 40%, 41%, and 45% of its consolidated revenue for the years ended December 31, 1997, 1998, and 1999, respectively. Revenue from a single customer comprised 10% of Sykes' consolidated revenues for the year ended December 31, 1997. No single customer accounted for 10% of revenues for the years ended December 31, 1998 and 1999, respectively. Sykes' loss of, or the failure to retain a significant amount of business with, any of its key customers could have a material adverse effect on Sykes' business, financial condition and results of operations. Generally, Sykes' contracts with its customers are cancelable by the customer at any time or on short-term notice, and customers may unilaterally reduce their use of Sykes' services under such contracts without penalty. Thus, Sykes' contracts with its customers do not ensure that Sykes will generate a minimum level of revenues.

Inability to Attract and Retain Experienced Personnel May Adversely Impact Sykes' Business

Sykes' business is labor intensive and places significant importance on its ability to recruit, train, and retain qualified technical and professional personnel. Sykes generally experiences high turnover of its personnel and is continuously required to recruit and train replacement personnel as a result of a changing and expanding work force. Additionally, demand for qualified professionals conversant with certain technologies is intense and may outstrip supply, as new and additional skills are required to keep pace with evolving computer technology. Sykes' ability to locate and train employees is critical to Sykes' achieving its growth objective. Sykes' inability to attract and retain qualified personnel or an increase in wages or other costs of attracting, training, or retaining qualified personnel could have a material adverse effect on Sykes' business, financial condition and results of operations.

Reliance on Technology and Computer Systems

Sykes has invested significantly in sophisticated and specialized telecommunications and computer technology and has focused on the application of this technology to meet its clients' needs. Sykes anticipates that it will be necessary

to continue to invest in and develop new and enhanced technology on a timely basis to maintain its competitiveness. Significant capital expenditures may be required to keep Sykes' technology up-to-date. There can be no assurance that any of Sykes' information systems will be adequate to meet its future needs or that Sykes will be able to incorporate new technology to enhance and develop its existing services. Moreover, investments in technology, including future investments in upgrades and enhancements to software, may not necessarily maintain Sykes' competitiveness. Sykes' future success will also depend in part on its ability to anticipate and develop information technology solutions that keep pace with evolving industry standards and changing client demands.

Dependence on Trend Toward Outsourcing

Sykes' business and growth depend in large part on the industry trend toward outsourcing information technology services. Outsourcing means that an entity contracts with a third party, such as Sykes, to provide support services rather than perform such services in house. There can be no assurance that this trend will continue, as organizations may elect to perform such services themselves. A significant change in this trend could have a material adverse effect on Sykes' business, financial condition and results of operations. Additionally, there can be no assurance that Sykes' cross-selling efforts will cause its customers to purchase additional services from Sykes or adopt a single-source outsourcing approach.

Risk of Emergency Interruption of Technical Support Center Operations

Sykes' operations are dependent upon its ability to protect its technical support centers and its information databases against damages that may be caused by fire and other disasters, power failure, telecommunications failures, unauthorized intrusion, computer viruses and other emergencies. The temporary or permanent loss of such systems could have a material adverse effect on Sykes' business, financial condition, and results of operations. Notwithstanding precautions taken by the Company to protect itself and its customers from events that could interrupt delivery of its services, there can be no assurance that a fire, natural disaster, human error, equipment malfunction or inadequacy, or other event would not result in a prolonged interruption in Sykes' ability to provide support services to its customers. Such an event could have a material adverse effect on Sykes' business, financial condition and results of operations.

Risks Associated with International Operations and Expansion

The Company intends to continue to pursue growth opportunities in markets outside the United States. At December 31, 1999, Sykes' international operations were conducted from 18 technical support centers located in Sweden, The Netherlands, France, Germany, South Africa, Scotland, Ireland, Hungary, Turkey, China, Costa Rica and The Philippines. Revenues from foreign operations for the years ended December 31, 1997, 1998, and 1999, were 36.3%, 35.6% and 32.0% of consolidated revenues, respectively. International operations are subject to certain risks common to international activities, such as changes in foreign governmental regulations, tariffs and taxes, import/export license requirements, the imposition of trade barriers, difficulties in staffing and managing foreign operations, political uncertainties, longer payment cycles, foreign exchange restrictions that could limit the repatriation of earnings, possible greater difficulties in accounts receivable collection, potentially adverse tax consequences, and economic instability.

Sykes conducts business in various foreign currencies and is therefore exposed to market risk from changes in foreign currency exchange rates and interest rates, which could impact its results of operations and financial condition. Sykes is also subject to certain exposures arising from the translation and consolidation of the financial results of its foreign subsidiaries. Sykes has from time to time taken limited actions to attempt to mitigate Sykes' foreign transaction exposure. However, there can be no assurance that the Company will take any actions to mitigate such exposure in the future, and if taken that such actions taken will be successful or that future changes in currency exchange rates will not have a material impact on Sykes' future operating results. A significant change in the value of the dollar against the currency of one or more countries where Sykes operates may materially adversely affect Sykes' results. Sykes has historically not entered into a hedge contract for either its translation risk or its economic risk.

Existence of Substantial Competition

The markets for Sykes' services are highly competitive, subject to rapid change, and highly fragmented. While many companies provide information technology services, Sykes believes no one company is dominant. There are numerous and varied providers of such services, including firms specializing in call center operations, temporary staffing and personnel placement companies, general management consulting firms, divisions of large hardware and software companies and niche providers of information technology services, many of whom compete in only certain markets. Sykes' competitors include many companies who may possess substantially greater resources, greater name recognition and a more established

customer base than it does. In addition to Sykes' competitors, the services offered by Sykes are often provided by in-house personnel. Increased competition, the failure of Sykes to compete successfully, pricing pressures, loss of market share and loss of clients could have a material adverse effect on Sykes' business, financial condition, and results of operation.

Many of Sykes' large customers purchase information technology services primarily from a limited number of preferred vendors. Sykes has experienced and continues to anticipate significant pricing pressure from these customers in order to remain a preferred vendor. These companies also require vendors to be able to provide services in multiple locations. Although Sykes believes it can effectively meet its customers' demands, there can be no assurance that it will be able to compete effectively with other information technology services companies. Sykes believes that the most significant competitive factors in the sale of its services include quality, reliability of services, flexibility in tailoring services to client needs, experience, reputation, comprehensive services, integrated services and price.

Dependence on Senior Management

The success of Sykes is largely dependent upon the efforts, direction and guidance of its senior management. Sykes' continued growth and success also depend in part on its ability to attract and retain skilled employees and managers and on the ability of its executive officers and key employees to manage its operations successfully. Sykes has entered into employment and non-competition agreements with its executive officers. The loss of any of Sykes' senior management or key personnel, or its inability to attract, retain or replace key management personnel in the future, could have a material adverse effect on Sykes' business, financial condition and results of operations.

Control by Principal Shareholder and Anti-Takeover Considerations

As of the date of this report, John H. Sykes, Sykes' Chairman of the Board and Chief Executive Officer, beneficially owned more than 40% of Sykes' outstanding common stock. As a result, Mr. Sykes will have substantial influence in the election of the Company's directors and in determining the outcome of other matters requiring shareholder approval.

Sykes' Board of Directors is divided into three classes serving staggered three-year terms. The staggered Board of Directors and the anti-takeover effects of certain provisions contained in the Florida Business Corporation Act and in Sykes' Articles of Incorporation and Bylaws, including the ability of the Board of Directors of Sykes to issue shares of preferred stock and to fix the rights and preferences of those shares without shareholder approval, may have the effect of delaying, deferring or preventing an unsolicited change in the control of Sykes. This may adversely affect the market price of Sykes' common stock or the ability of shareholders to participate in a transaction in which they might otherwise receive a premium for their shares.

Volatility of Stock Price May Result in Loss of Investment

The trading price of Sykes' common stock has been and may continue to be subject to wide fluctuations over short and long periods of time. Sykes believes that market prices of information technology stocks in general have experienced volatility, which could affect the market price of Sykes' common stock regardless of Sykes' financial results or performance. Sykes further believes that various factors such as general economic conditions, changes or volatility in the financial markets, changing market conditions in the information technology industry, quarterly variations in Sykes' financial results, the announcement of acquisitions, strategic partnerships, or new product offerings, and changes in financial estimates and recommendations by securities analysts could cause the market price of Sykes' common stock to fluctuate substantially in the future.

RISKS ASSOCIATED WITH SHPS' CARE MANAGEMENT SERVICES AND EMPLOYEE BENEFITS SERVICES

SHPS, a wholly owned subsidiary of Sykes, is a provider of care management services and products and employee benefits administration and support services. In addition to the risks described above, SHPS is subject to the following specific risks:

Potential Risks of Care Management Contracts

Some of SHPS' care management contracts contain "shared risk" provisions under which SHPS may be required to bear a portion of any loss in connection with such provisions. To the extent healthcare participants covered by such contracts require more frequent or extensive care than anticipated, SHPS would incur unexpected costs not offset by additional revenue, which would reduce operating margins. In the worst case, the revenue derived from such contracts may be insufficient to cover the cost of the services provided. Any such reduction or elimination of earnings could have a material adverse effect on SHPS' business, financial condition and results of operations.

Potential Legal Liability for Care Management

Participants in the healthcare industry have become subject to an increasing number of lawsuits alleging malpractice, product liability, bad faith, ERISA liability and other legal theories, including negligence in credentialing and utilization management, many of which involve large claims and significant legal costs. SHPS, through its utilization review services, makes recommendations concerning the appropriateness of providers' proposed medical treatment of patients and, as a result, it could be subject to liability arising from any adverse medical consequences. SHPS does not grant or deny claims for payment of benefits, and SHPS does not believe that it engages in the practice of medicine or the delivery of medical services. There can be no assurance, however, that SHPS will not be subject to claims or litigation related to granting or denying claims for payment of benefits or allegations that SHPS engages in the practice of medicine or the delivery of medical services.

When a patient requires guidance in retaining physician services in their area, SHPS assists them in identifying appropriate providers. To the extent that those providers are deemed to be agents of SHPS, SHPS could be subject to liability regarding adverse medical consequences or inappropriate provider selection. Additionally, due to the nature of its business, SHPS could become involved in litigation regarding the information provided telephonically by its clinical service staff, particularly in light of the emerging laws relating to telemedicine, which is the practice of performing medical diagnoses and treatment via telecommunications devices. See "Risks Relating to Telemedicine."

Additionally, to the extent that SHPS' clinical service staff could be deemed a provider of medical or clinical services, SHPS could be subject to claims of licensure violations, which could result in fines, suspension or loss of the right to do business in a particular state. The physicians and nurses employed by SHPS do not make final decisions regarding the authorization or denial of medical treatment. However, the physicians and nurses employed by SHPS could be deemed to be engaged in the corporate practice of medicine and subject to discipline by the state boards of medicine and nursing through which they are licensed, which could result in substantial penalties to SHPS, including administrative penalties such as fines, reprimands, criminal penalties, or an order to cease doing business, any of which could have a material adverse effect on SHPS.

SHPS also could incur liability as a fiduciary in respect of certain of the disability management services it provides. To reduce its exposure, SHPS maintains general liability insurance coverage, product liability insurance coverage, umbrella liability insurance coverage, primary occurrence errors and omissions insurance coverage, and excess occurrence errors and omissions insurance coverage. There can be no assurance, however, that such insurance will be sufficient or available at a reasonable cost to protect SHPS from liability. To the extent that such insurance is insufficient or unavailable to cover the costs associated with these potential liabilities, SHPS' business or results of operations could be materially adversely affected.

Potential Legal Liability as a Benefits Administrator

As an administrator of benefits, SHPS provides services to employers that are subject to the requirements of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), which may prevent the imposition of liability in state law claims such as malpractice or bad faith. The possibility exists that SHPS could be subject to state law claims for services provided to plans not covered by ERISA and liability for these claims could be substantial. Additionally, there can be no assurance that ERISA will not be further eroded by legal precedent or amended to modify or repeal the current limitations on liability.

As a provider of COBRA compliance and administration services, SHPS is subject to excise taxes for noncompliance with certain provisions of COBRA. In addition to the excise tax liability that may be imposed on SHPS, substantial excise taxes may be imposed on SHPS' customers under COBRA. Under many of SHPS' service agreements, SHPS assumes financial responsibility for the payment of such taxes or penalties assessed against a customer arising out of SHPS' failure to comply with COBRA, unless such taxes or penalties are attributable to the customer's failure to comply with the terms of its agreement with SHPS. In addition to liability for excise taxes for noncompliance with COBRA, SHPS accepts financial responsibility for certain civil and other liabilities incurred by its customers that are attributable to SHPS' failure to fulfill its obligations to its customers under its agreements. These liabilities could, in certain cases, be substantial. There can be no assurance that SHPS will not incur material liability for noncompliance with COBRA or for its failure to comply with its agreement with any customer in the future.

Governmental Regulation

The healthcare and employee benefit industries are subject to extensive and evolving regulation, both at the federal and state levels. The benefit plans administered by SHPS and its Care Management programs are subject to a variety of laws and regulations, including ERISA, COBRA, the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), federal and state confidentiality laws, Medicare as secondary payor laws and regulations, telemedicine laws, the Public Health Service Act, a number of state third party administrative laws, and state laws involving the provision of healthcare services. These laws and regulations are administered by numerous agencies, including the Department of Labor, the Department of Commerce, the Department of Health and Human Services, the Internal Revenue Service (the "IRS") and state insurance and health regulation departments.

Where a patient requires a second opinion, one of SHPS' physician medical directors provides the patient with the names of physicians in the patient's area. The patient selects a physician and SHPS makes an appointment for the patient with the physician, and this physician evaluates the appropriateness of the care being recommended by the patient's attending physician. In doing so, the physician may order designated healthcare services which in turn must be a covered service approved by SHPS for payment. Whether such services are covered benefits is determined by the terms of the customer's benefit plan, not by SHPS. SHPS reviews the terms of its customers' benefit plans, each of which includes a process to determine which healthcare services are covered. If the ordered designated healthcare services are covered under the Medicare or Medicaid programs, the provision of the list of names of physicians or the making of a patient appointment by the medical director could be deemed a referral subject to the prohibitions against referrals to entities performing designated healthcare services in which the referring physician has a financial interest as defined in the Stark I and Stark II statutes, resulting in fines or criminal penalties, which could have a material adverse effect on SHPS.

SHPS' customers, and not SHPS, generally pay the physicians who perform the second opinion and related services, including designated healthcare services. SHPS does not believe that under these circumstances it has a financial relationship in any entity that provides designated healthcare services which are reimbursed under the Medicare or Medicaid programs. Therefore, SHPS does not believe that the Stark II statute impacts referrals made by SHPS' medical directors in these instances.

Occasionally, SHPS may advance payments to physicians, laboratories and x-ray facilities, which may include payment for designated healthcare services, on behalf of SHPS' customers. SHPS' customers reimburse SHPS in total for these advances. These advances may constitute a financial interest as that term is defined in Stark I and in the proposed regulations to the Stark II laws. However, SHPS believes that the advance payments to physicians do not violate the Stark I and Stark II prohibition against referrals, as the advance payments meet the proposed exception for physician services under the proposed Stark II regulations. SHPS also believes that these payments, which are authorized by SHPS' medical director, to laboratories and x-ray facilities do not violate Stark I and the Stark II proposed regulations as these advance payments meet the proposed exception for payments by physicians for items and services under the proposed Stark II regulations. However, there are, to date, no final regulations promulgated under the Stark II statute. To the extent that these actions by the medical directors could later be found to be subject to and in violation of the Stark II statute, the medical directors and SHPS could be subject to fines or criminal penalties, which could have a material adverse effect on SHPS.

Many of these statutes and regulations impact the development of healthcare information services and interstate transmission of medical information and services. Some of the statutes and regulations governing the provision of healthcare services as well as laws relating to telemedicine and corporate practice of medicine doctrines could be construed by regulatory authorities to apply to certain of SHPS' activities. See "Risks Relating to Laws Governing Corporate Practice of Medicine." To the extent these statutes and regulations could be deemed applicable to SHPS, SHPS and its employees could be required to obtain additional licenses or registrations or to modify or curtail SHPS' activities, or SHPS could be subject to revocation or suspension of existing licenses or registrations or civil or criminal penalties or fines, any of which could have a material adverse effect on SHPS.

The majority of states require licensure or registration of entities deemed to be private utilization review agents. Frequently, these states exempt entities providing services to ERISA plans. SHPS' current clients for these services are primarily but not exclusively ERISA plans. To the extent that SHPS provides services only to ERISA plans in any given state, SHPS may be exempt from these licensure requirements. Although SHPS has voluntarily achieved licensure in the states in which SHPS has determined licensure is required, penalties for failure to achieve licensure in additional states could result in the loss of SHPS' licenses or substantial penalties to SHPS, which could have a material adverse effect on SHPS.

Risks Relating to Laws Governing Corporate Practice of Medicine

The laws of certain states in which SHPS operates or may operate in the future do not permit business corporations to practice medicine or exercise control over physicians who practice medicine. Although SHPS does not believe that the services it provides constitute the corporate practice of medicine, a finding that SHPS is engaged in the corporate practice of medicine in any of the foregoing states could result in loss of licensing, the need to develop relationships with physicians licensed in the states having corporate practice of medicine statutes, and civil and criminal fines, any of which could require SHPS to modify its techniques of doing business, withdraw from certain states or otherwise curtail its activities, and could have a material adverse effect on SHPS.

Risks Relating to Telemedicine

Telemedicine is the practice of performing medical diagnosis and treatment via telecommunications devices. These technologies range from providing clinical advice over the telephone, the transmission of high resolution images (e.g., x-rays, sonograms) and the remote performance of clinical evaluations using interactive teleconferencing. As advanced telecommunications technology has become more widely available, the legal issues associated with telemedicine have become the subject of new legislation. In various states, legislation has been introduced to amend licensure laws related to the out of state practice of medicine and consultation. Various states have introduced or passed bills related to telemedicine, primarily regarding the licensure of out-of-state physicians and the coverage of telemedicine procedures by third party payer plans.

Although SHPS does not believe that these laws currently impact SHPS' operations because it does not believe it engages in medical diagnosis or treatment via telecommunication devices, to the extent SHPS' services could be deemed to be telemedicine, SHPS could be subject to liability for licensure violations, violations of third party payer requirements or violations of the laws relating to the confidentiality of patient medical records, any of which could have a material adverse effect on SHPS.

Possible Adverse Effect of National and State Healthcare Reform Proposals

The extent and type of government support for and oversight of the delivery of healthcare services, as well as the extent and type of health insurance benefits that employers are required to provide employees, have been the subject of close scrutiny and debate in recent years, both at the national and state levels, resulting in such legislation as HIPAA. Additional changes in the government programs and regulations, including requirements governing the manner by which services are delivered, and the premiums for services, the reimbursement of fees, benefits packages, parity for particular health conditions, access to particular types of healthcare providers, or the development of a modified healthcare purchasing system could have a material adverse effect on SHPS.

Reliance on Information Processing Systems and Proprietary Technology

SHPS' business is dependent on its ability to store, retrieve, process and manage significant databases, and to periodically expand and upgrade its information processing capabilities. SHPS intends to develop additional proprietary applications software and databases and to use commercially available database management software and computer hardware that are not currently being used by SHPS. SHPS is currently in the process of migrating its information systems from a mainframe platform to a proprietary, client server platform. Any delay in such migration or the failure of the new systems to adequately support SHPS' operations, could materially adversely affect SHPS' business and financial results. In addition, there can be no assurance that SHPS will be able to incorporate new technology to enhance and develop its existing services.

Interruption or loss of SHPS' information processing capabilities through loss of stored data, breakdown or malfunction of computer equipment and software systems, telecommunications failure or damage to SHPS' systems caused by fire, hurricane, tornado, flood, lightning, electrical power outage or other disruption could have a material adverse effect on SHPS.

SHPS' business is dependent on its continued use of proprietary software, databases and processing techniques. SHPS attempts to protect its trade secrets and other proprietary information through agreements with customers, employees and consultants. There can be no assurance that these precautions will be adequate to deter misappropriation of SHPS' proprietary software and healthcare information processing techniques.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table provides the names and ages of the Company's executive officers, and the positions and offices with the Company currently held by each of them:

Name	Age	Principal Position
John H. Sykes	63	Chairman and Chief Executive Officer
David L. Grimes	52	President and Chief Operating Officer
Scott J. Bendert	43	Group Executive and Senior Vice President - Operations
James E. Lamar	52	Group Executive and Senior Vice President - International
Gerry L. Rogers	54	Group Executive and Senior Vice President - The Americas
Dale W. Saville	55	Senior Vice President and Chief Technology Officer
Charles E. Sykes	37	Senior Vice President - Marketing and Global Alliances
W. Michael Kipphut	46	Vice President and Chief Financial Officer

John H. Sykes has held the titles and responsibilities of Chairman and Chief Executive Officer since December 1998. Mr. Sykes has been President and Chief Executive Officer of the Company from inception in 1977 until December 1998. Previously, Mr. Sykes was Senior Vice President of CDI Corporation, a publicly-held technical services firm.

David L. Grimes joined the Company in December 1998 as President and was named Chief Operating Officer during February 1999. From 1984 to 1998, Mr. Grimes held various management positions with AT&T, a publicly-held telecommunications firm, most recently as Region Vice President.

Scott J. Bendert joined the Company in 1993 as Chief Financial Officer and was named Group Executive and Senior Vice President - Operations during March 2000. In October 1997, Mr. Bendert was appointed Senior Vice President-Finance and Chief Financial Officer, and held the title of Vice President - Finance and Chief Financial Officer from 1995 until 1997. In addition, from 1994 to 1999, Mr. Bendert held the title of Treasurer.

Gerry L. Rogers joined the Company in February 1999 as Group Vice President, North America and was named Group Executive and Senior Vice President - The Americas, during March 2000. From 1968 to 1999, Mr. Rogers held various management positions with AT&T, a publicly-held telecommunications firm, most recently as General Manager for the Business Growth Markets.

James E. Lamar joined the Company in May 1999 as Vice President and Managing Director of EMEA and was named Group Executive and Senior Vice President - International during March 2000. From 1994 to 1999, Mr. Lamar held various management positions with Lucent Technologies, a publicly-held telecommunications firm, most recently as managing Director of Licensing.

Dale W. Saville joined the Company in January 1995 and was named Senior Vice President and Chief Technology Officer during March 2000. In August 1998, Mr. Saville was appointed Vice President Product Development and from July 1997 until August 1998, held the title of Vice President Customer Service and Support - EMEA.

Charles E. Sykes joined the Company in 1986 and was named Senior Vice President - Marketing and Global Alliances during March 2000. In December 1996, Mr. Sykes was appointed Vice President Sales and held the position of Regional Manager of the Midwest Region for Professional Services from 1992 until 1996. Mr. Charles E. Sykes is the son of Mr. John H. Sykes.

W. Michael Kipphut joined the Company as Vice President and Chief Financial Officer in March 2000. From September 1998 to February 2000, Mr. Kipphut held the position of Chief Financial Officer for USA Floral Products, Inc., a publicly held worldwide perishable products distributor. From September 1994 until September 1998, Mr. Kipphut held the position of Vice President and Treasurer for Spalding & Evenflo Companies, Inc., a global manufacturer of consumer products.

ITEM 2 PROPERTIES

The Company's principal executive offices are located in Tampa, Florida. This facility currently serves as the headquarters for senior management, the financial and administrative departments and the Tampa office. The following table sets forth additional information concerning the Company's facilities:

Properties	General Usage	Square Feet	Lease Expiration
UNITED STATES LOCATIONS			
Tampa, Florida	Corporate headquarters	18,000	December 2002
Tampa, Florida	Technical support center/office	56,900	June 2002
Ada, Oklahoma	Technical support center	42,000	Company owned
Bismarck, North Dakota	Technical support centers	84,000	Company owned
Charlotte, North Carolina	Technical support center	56,800	October 2000
Greeley, Colorado	Technical support center	42,000	Company owned
Hays, Kansas	Technical support center	42,000	Company owned
Klamath Falls, Oregon	Technical support center	42,000	Company owned
Louisville, Kentucky	Technical support center/office	60,700	July 2005
Manhattan, Kansas	Technical support center	42,000	Company owned
Milton-Freewater, Oregon	Technical support center	42,000	Company owned
Minot, North Dakota	Technical support center	42,000	Company owned
Pikesville, Kentucky	Technical support center	42,000	Company owned
Ponca City, Oklahoma	Technical support center	42,000	Company owned
Scottsbluff, Nebraska	Technical support center	42,000	Company owned
Scottsdale, Arizona	Technical support center	39,100	June 2002
Sterling, Colorado	Technical support center	34,000	Company owned
Fremont, California	Distribution center	55,000	October 2002
Nashville, Tennessee	Distribution center	91,200	January 2001
Louisville, Kentucky	Distribution center	78,750	June 2001
Atlanta, Georgia	Office	2,000	May 2000
Boise, Idaho	Office	2,400	January 2001
Boston, Massachusetts	Office	26,000	September 2000
Boulder, Colorado	Office	13,000	March 2000
Cary, North Carolina	Office	3,700	March 2003
Charlotte, North Carolina	Office	2,900	June 2000
Charlotte, North Carolina	Office	37,800	October 2003
Dallas, Texas	Office	3,000	June 2003
Denver, Colorado	Office	2,000	January 2001
Jacksonville, Florida	Office	1,800	November 2001
Lexington, Kentucky	Office	1,600	June 2000
Lexington, Massachusetts	Office	12,200	October 2002
Poughkeepsie, New York	Office	1,000	January 2001
St. Louis, Missouri	Office	5,700	September 2001

Properties	General Usage	Square Feet	Lease Expiration
INTERNATIONAL LOCATIONS			
Amsterdam, The Netherlands	Technical support center/ International headquarters	70,500	July 2004
Budapest, Hungary	Technical support center	15,700	June 2002
Edinburgh, Scotland	Technical support center/office	36,000	September 2019
Heredia, Costa Rica	Technical support centers	23,800	February 2001
London, Ontario, Canada	Technical support center	40,000	Company owned
Toronto, Ontario, Canada	Technical support center	8,200	December 2001
Moncton, New Brunswick	Technical support center	1,700	June 2000
Les Ulis, France	Technical support center	36,200	January 2007
Bochum, Germany	Technical support center	29,100	October 2000
Hannover, Germany	Technical support center	12,500	November 2008
Hamburg, Germany	Technical support center	6,400	June 2001
Esslingen, Germany	Technical support center	9,200	December 2005
Wilhelmshaven, Germany	Technical support center	36,800	March 2003
Manila, The Philippines	Technical support center	26,100	June 2000
Sunninghill, South Africa	Technical support center	12,500	June 2001
Ed, Sweden	Technical support center	44,000	November 2002
Sveg, Sweden	Technical support center	35,100	June 2001
Shannon, Ireland	Technical support and distribution center	66,000	April 2013
Hoofddorp, The Netherlands	Distribution center	14,200	July 2001
Sevran, France	Distribution center	19,400	August 2002
Galashiels, Scotland	Distribution center	126,700	Company owned
Upplands Vasby, Sweden	Distribution center	21,300	December 2001
Brentford, England	Sales office	1,600	December 2005
Stockholm, Sweden	Sales office	5,000	December 2001
London, Ontario	Sales office	2,800	May 2002
Ottawa, Ontario	Sales office	500	June 2000
Singapore	Sales office	500	December 2000
Vancouver, British Columbia	Sales office	1,000	June 2000
Leuven, Belgium	Office and distribution center	21,000	January 2001

The Company owns each of its domestic technical support centers as identified and anticipates that additional technical support centers will be required due to growth and expansion. In addition to the above list, the Company has established technical support centers at its customers production facilities in Beijing, China and Istanbul, Turkey.

The Company currently has three technical call centers under construction and may operate from time-to-time in temporary facilities to accommodate growth before new centers are available. The Company is currently utilizing two such temporary facilities totaling 20,000 square feet.

ITEM 3 LEGAL PROCEEDINGS

A. Class Action Litigation

As of March 17, 2000, the Company is aware of 12 purported class action lawsuits that have been filed against Sykes and certain of its officers alleging violations of federal securities laws. All of the actions were filed in the United States District Court for the Middle District of Florida, and the Company expects that all of the actions will be consolidated into one action. The plaintiffs of these lawsuits purport to assert claims on behalf of a class of purchasers of Sykes common stock during 1999 and through February 4, 2000. The actions claim violations of Sections 10 (b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. Among other things, the actions allege that during 1999 and 2000, the Company and certain of its officers made materially false statements concerning the Company's financial condition and its future prospects. The complaints also claim that the certain of the Company's financial statements during 1999 were not prepared in accordance with generally accepted accounting principles. The actions seek compensatory and other damages, and costs and expenses associated with the litigation.

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

B. 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.

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted to a vote of security-holders during the fourth quarter of the year covered by this report.

PART II

ITEM 5 MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

The information called for by this item is contained on page 26 of the Company's Annual Report and is incorporated herein by reference.

ITEM 6 SELECTED FINANCIAL DATA

The information called for by this item is contained in page 25 of the Company's Annual Report and is incorporated herein by reference.

ITEM 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information called for by this Item is contained in pages 27 through 32 of the Company's Annual Report and is incorporated herein by reference.

ITEM 7a QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information called for by this Item is contained in page 32 of the Company's Annual Report and is incorporated herein by reference.

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information called for by this Item is contained in pages 33 through 56 of the Company's Annual Report and is incorporated herein by reference.

ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

PART III

ITEMS 10. THROUGH 13. All information required by Items 10 through 13, with the exception of information on Executive Officers which appears in the report under the caption "Executive Officers of the Registrant," is incorporated by reference to the Company's Proxy Statement for its Year 2000 Annual Meeting of Shareholders.

PART IV

ITEM 14 EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a)(1) Consolidated Financial Statements Reports of Independent Auditors.

The following information is contained in pages 33 through 56 of the Company's Annual Report, and is incorporated herein by reference:

Consolidated Balance Sheets as of December 31, 1998 and 1999.

Consolidated Statements of Income for the years ended December 31, 1997, 1998 and 1999.

Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 1997, 1998 and 1999.

Consolidated Statements of Cash Flows for the years ended December 31, 1997, 1998 and 1999.

Notes to Consolidated Financial Statements.

(a)(2) Financial Statement Schedule

Schedule II - Valuation and Qualifying Accounts

(a)(3) Exhibits

The following documents are filed as exhibits to this report:

Exhibit Number	Exhibit Description
2.1	Articles of Merger between Sykes Enterprises, Incorporated, a North Carolina Corporation, and Sykes Enterprises, Incorporated, a Florida Corporation, dated March 1, 1996. (1)
2.2	Articles of Merger between Sykes Enterprises, Incorporated and Sykes Realty, Inc. (1)
2.3	Stock Purchase Agreement dated July 1, 1996 among Sykes Enterprises, Incorporated and Johan Holm, Arne Weinz and Norhold Invest AB. (2)
2.4	Stock Purchase Agreement dated August 30, 1996 among Sykes Enterprises, Incorporated and Gordon H. Kraft. (3)
2.5	Merger Agreement dated as of January 10, 1997 among Sykes Enterprises, Incorporated, Info Systems of North Carolina, Inc. and ISNC Acquisition Co. (4)
2.6	Stock Purchase Agreement date March 28, 1997 among Sykes Enterprises, Incorporated, Sykes Holdings of Belgium, B.V.B.A., Cycle B.V.B.A. and Michael McMahon. (5)
2.7	Joint Marketing and Distribution Agreement dated April 30, 1997 by and between Sykes Enterprises, Incorporated and SystemSoft Corporation. (10)
2.8	Common Stock Purchase Agreement dated May 6, 1997 by and between Sykes Enterprises, Incorporated and SystemSoft Corporation. (10)
2.9	Acquisition Agreement, dated May 30, 1997, by and among the holders of all of the capital interests of Telcare Gesellschaft fur Telekommunikations-Mehrwertdienste mbH, Sykes Enterprises GmbH, and Sykes Enterprises, Incorporated. (7)
2.10	Acquisition Agreement, dated September 19, 1997, by and among the holders of all of the capital interests of TAS Telemarketing Gesellschaft fur Kommunikation und Dialog mbH, Sykes Enterprises, GmbH, and Sykes Enterprises, Incorporated. (8)
2.11	Acquisition Agreement, dated September 25, 1997, by and among the holders of all of the capital interests of TAS Hedi Fabinyi GmbH, Sykes Enterprises, GmbH, and Sykes Enterprises, Incorporated. (8)
2.12	Shareholder Agreement dated December 18, 1997, by and among Sykes Enterprises, Incorporated and HealthPlan Services Corporation. (14)
2.13	Acquisition Agreement, dated December 31, 1997, by and among the holders of all of the capital interests of McQueen International Limited and Sykes Enterprises, Incorporated. (11)
2.14	Stock Purchase Agreement, dated September 11, 1998, between HealthPlan Services Corporation and Sykes Enterprises, Incorporated. (17)
2.15	Acquisition Agreement, dated November 23, 1998, by and among the holders of all of the capital interests of TAS GmbH Nord Telemarketing und Vertriebsberatung, Sykes Enterprises, GmbH, and Sykes Enterprises, Incorporated (19).
2.16	Combination Agreement, dated December 29, 1998, by and among the holders of all of the capital interests of Oracle Service Networks Corporation and Sykes Enterprises, Incorporated. (18)
3.1	Articles of Incorporation of Sykes Enterprises, Incorporated, as amended. (19)

3.2 Bylaws of Sykes Enterprises, Incorporated, as amended. (19)

4.1 Specimen certificate for the Common Stock of Sykes Enterprises, Incorporated. (1)

4.2 Credit Agreement between NationsBank N.A. and Sykes Enterprises, Incorporated dated as of February 27, 1998. (16)

4.3 Amendment No. 1 to Credit Agreement between NationsBank N.A. and Sykes Enterprises, Incorporated dated as of March 20, 1998. (16)

4.4 Guaranty Agreement between Sykes Enterprises, Incorporated and HealthPlan Services Corp. to NationsBank N.A. dated March 16, 1998.

(16)

- 10.1 Loan Agreement between NationsBank, N.A. and Sykes Enterprises, Incorporated dated as of December 31, 1996. (6)
- 10.2 Employment Agreement dated as of March 6, 2000 between John H. Sykes and Sykes Enterprises, Incorporated (filed herewith).
- 10.3 Employment Agreement dated as of March 6, 2000 between David L. Grimes and Sykes Enterprises, Incorporated (filed herewith).
- 10.4 Employment Agreement dated as of March 6, 2000 between Scott J. Bendert and Sykes Enterprises, Incorporated (filed herewith).
- 10.5 Employment Agreement dated as of March 6, 2000 between W. Michael Kipphut and Sykes Enterprises, Incorporated (filed herewith).
- 10.6 Employment Agreement dated as of March 6, 2000 between Dale W. Saville and Sykes Enterprises, Incorporated (filed herewith).
- 10.7 Employment Agreement dated as of March 6, 2000 between Gerry L. Rogers and Sykes Enterprises, Incorporated (filed herewith).
- 10.8 Employment Agreement dated as of March 6, 2000 between James E. Lamar and Sykes Enterprises, Incorporated (filed herewith).
- 10.9 Employment Agreement dated as of March 6, 2000 between Charles E. Sykes and Sykes Enterprises, Incorporated (filed herewith).
- 10.10 Stock Option Agreement between Sykes Enterprises, Incorporated and David E. Garner dated as of December 31, 1995. (1)
- 10.11 1996 Employee Stock Option Plan. (1)
- 10.12 1996 Non-Employee Director Stock Option Plan. (1)
- 10.13 1996 Non-Employee Directors' Fee Plan. (1)
- 10.14 Form of Split Dollar Plan Documents. (1)

- 10.15 Form of Split Dollar Agreement. (1)
- 10.16 Form of Indemnity Agreement between directors and executive officers and Sykes Enterprises, Incorporated. (1)
- 10.17 Aircraft Lease Agreement between JHS Leasing of Tampa, Inc. as lessor and Sykes Enterprises, Incorporated as lessee, dated December 1, 1995. (1)
- 10.18 Single Tenant Property Lease Agreement between Sykes Investments as landlord and Sykes Enterprises, Incorporated as tenant dated October 31, 1989, for building in Charlotte, North Carolina. (1)
- 10.19 Tax Indemnification Agreement between Sykes Enterprises, Incorporated and John H. Sykes. (1)
- 10.20 Consultant Agreement between Sykes Enterprises, Incorporated and E.J. Milani Consulting Corp. dated April 1, 1996. (1)
- 10.21 1997 Management Stock Incentive Plan. (15)
- 10.22 1999 Employees' Stock Purchase Plan. (19)
- 10.23 2000 Stock Option Plan (filed herewith).
- 13.1 1999 Sykes Enterprises, Incorporated Annual Report (incorporates sections only in electronic filing).
- 21.1 List of subsidiaries of Sykes Enterprises, Incorporated (filed herewith).
- 23.1 Consent of Ernst & Young LLP
- 23.2 Consent of PricewaterhouseCoopers LLP
- 24.1 Power of Attorney relating to subsequent amendments (included on the signature page of this report).
- 27.1 Financial Data Schedule (for SEC use only)(filed herewith).

- (1) Filed as the same numbered Exhibit to the Registrant's Registration Statement on Form S-1 (Registration No. 333-2324) and incorporated herein by reference.
- (2) Filed as an Exhibit to the Registrant's Form 8-K dated July 31, 1996, and incorporated herein by reference.
- (3) Filed as an Exhibit to the Registrant's Form 8-K dated September 16, 1996, and incorporated herein by reference.
- (4) Included as Appendix A to the Proxy Statement/Prospectus contained in the Registrant's Registration Statement on Form S-4 (Registration No. 333-20465) and incorporated herein by reference.
- (5) Filed as an Exhibit to the Registrant's Form 10-K dated March 30, 1997, and incorporated herein by reference.
- (6) Filed as Exhibit 2.5 to the Registrant's Registration Statement on Form S-4 (Registration No. 333-20465) and incorporated herein by reference.
- (7) Filed as an Exhibit to the Registrant's Current Report on Form 8-K dated June 16, 1997, and incorporated herein by reference.
- (8) Filed as an Exhibit to the Registrant's Current Report on Form 8-K dated September 26, 1997, and incorporated herein by reference.
- (9) Filed as the same numbered Exhibit to the Registrant's Registration Statement on Form S-3 (Registration No. 333-38513) and incorporated herein by reference.

- (10) Filed as an Exhibit to the Registrant's Form 10-Q dated June 29, 1997, and incorporated herein by reference.
- (11) Filed as an Exhibit to the Registrant's Current Report on Form 8-K dated January 15, 1998, and incorporated herein by reference.
- (12) Filed as an Exhibit to the Registrant's Registration Statement on Form S-3 (Registration No. 333-38513) and incorporated herein by reference.
- (13) Filed as an Exhibit to the Registrant's Registration Statement on Form S-3 (Registration No. 333-46569) and incorporated herein by reference.
- (14) Filed as an Exhibit to the Registrant's Form 10-K dated December 31, 1997, and incorporated herein by reference.
- (15) Filed as an Exhibit to the Registrant's Proxy Statement on Form 14A, dated April 1, 1998, and incorporated herein by reference.
- (16) Filed as an Exhibit to the Registrant's Form 10-Q dated March 31, 1998, and incorporated herein by reference.
- (17) Filed as an Exhibit to the Registrant's Current Report on Form 8-K dated September 11, 1998, and incorporated herein by reference.
- (18) Filed as an Exhibit to the Registrant's Current Report on Form 8-K dated December 29, 1998, and incorporated herein by reference.
- (19) Filed as an Exhibit to the Registrant's Form 10-K dated December 31, 1998, and incorporated herein by reference.
- (b) Reports on Form 8-K

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, in the City of Tampa, and State of Florida, on this 24th day of March, 2000.

SYKES ENTERPRISES, INCORPORATED (Registrant)

By: /s/ Scott J. Bendert

Scott J. Bendert,
Group Executive and Senior Vice
President - Operations Performance
and Administration

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons in the capacities and on the dates indicated. Each person whose signature appears below constitutes and appoints Scott Bendert his true and lawful attorney-in-fact and agent, with full power of substitution and revocation, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this report and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or either of them, may lawfully do or cause to be done by virtue hereof.

Signature	Title	Date
/s/ John H. Sykes ----- John H. Sykes	Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer)	March 27, 2000
/s/ David L. Grimes ----- David L. Grimes	President and Chief Operating Officer	March 27, 2000
/s/ Scott J. Bendert ----- Scott J. Bendert	Group Executive and Senior Vice President - Operations Performance and Administration and former Chief Financial Officer (Principal Financial and Accounting Officer)	March 27, 2000
/s/ Gordon H. Loetz ----- Gordon H. Loetz	Vice Chairman of the Board and Director	March 27, 2000

/s/ Furman P. Bodenheimer, Jr. ----- Furman P. Bodenheimer, Jr.	Director	March 27, 2000
/s/ H. Parks Helms ----- H. Parks Helms	Director	March 27, 2000
/s/ Ernest J. Milani ----- Ernest J. Milani	Director	March 27, 2000
/s/ Adelaide A. Sink ----- Adelaide A. Sink	Director	March 27, 2000
/s/ R. James Stroker ----- R. James Stroker	Director	March 27, 2000
/s/ Iain A. Macdonald ----- Iain A. Macdonald	Director	March 27, 2000
/s/ Linda McClintock-Greco ----- Linda McClintock-Greco	Director	March 27, 2000

SYKES ENTERPRISES, INCORPORATED

**SCHEDULE II - VALUATION AND
QUALIFYING ACCOUNTS Years ended
December 31, 1997, 1998 and 1999**

	Balance at Beginning Of Period	Additions Charged to Costs and Expenses	Reclassifications (1)	Deductions(2)	Balance at End Of Period
	-----	-----	-----	-----	-----
Allowance for doubtful accounts:					
Year ended December 31, 1997	\$ 498,129	\$ 167,396	\$ -	\$128,130	\$ 537,395
Year ended December 31, 1998	537,395	261,599	-	2,823	796,171
Year ended December 31, 1999	796,171	2,201,581	-	557,208	2,440,544
Foreign current deferred tax asset valuation allowance:					
Year ended December 31, 1997	\$ 571,000	\$ -	\$ -	\$436,000	\$ 135,000
Year ended December 31, 1998	135,000	-	-	135,000	-
Year ended December 31, 1999	-	626,000	704,000	90,000	1,240,000
Domestic non-current deferred tax asset valuation allowance:					
Year ended December 31, 1997	\$ -	\$ -	\$ -	\$ -	\$ -
Year ended December 31, 1998	-	3,000,000	-	-	3,000,000
Year ended December 31, 1999	3,000,000	-	-	106,000	2,894,000
Foreign non-current deferred tax valuation allowance:					
Year ended December 31, 1997	\$ -	\$ -	\$ -	\$ -	\$ -
Year ended December 31, 1998	-	704,000	-	-	704,000
Year ended December 31, 1999	704,000	-	(704,000)	-	-

(1) Amounts have been reclassified for reporting purposes.

(2) Write-offs and recoveries

EXHIBIT INDEX

Exhibit Number -----	Exhibit Description -----
2.1	Articles of Merger between Sykes Enterprises, Incorporated, a North Carolina Corporation, and Sykes Enterprises, Incorporated, a Florida Corporation, dated March 1, 1996. (1)
2.2	Articles of Merger between Sykes Enterprises, Incorporated and Sykes Realty, Inc. (1)
2.3	Stock Purchase Agreement dated July 1, 1996 among Sykes Enterprises, Incorporated and Johan Holm, Arne Weinz and Norhold Invest AB. (2)
2.4	Stock Purchase Agreement dated August 30, 1996 among Sykes Enterprises, Incorporated and Gordon H. Kraft. (3)
2.5	Merger Agreement dated as of January 10, 1997 among Sykes Enterprises, Incorporated, Info Systems of North Carolina, Inc. and ISNC Acquisition Co. (4)
2.6	Stock Purchase Agreement date March 28, 1997 among Sykes Enterprises, Incorporated, Sykes Holdings of Belgium, B.V.B.A., Cycle B.V.B.A. and Michael McMahon. (5)
2.7	Joint Marketing and Distribution Agreement dated April 30, 1997 by and between Sykes Enterprises, Incorporated and SystemSoft Corporation. (10)
2.8	Common Stock Purchase Agreement dated May 6, 1997 by and between Sykes Enterprises, Incorporated and SystemSoft Corporation. (10)
2.9	Acquisition Agreement, dated May 30, 1997, by and among the holders of all of the capital interests of Telcare Gesellschaft fur Telekommunikations-Mehrwertdienste mbH, Sykes Enterprises GmbH, and Sykes Enterprises, Incorporated. (7)
2.10	Acquisition Agreement, dated September 19, 1997, by and among the holders of all of the capital interests of TAS Telemarketing Gesellschaft fur Kommunikation und Dialog mbH, Sykes Enterprises, GmbH, and Sykes Enterprises, Incorporated. (8)
2.11	Acquisition Agreement dated September 25, 1997, by and among the holders of all of the capital interests of TAS Hedi Fabinyi GmbH, Sykes Enterprises, GmbH, and Sykes Enterprises, Incorporated. (8)
2.12	Shareholder Agreement dated December 18, 1997, by and among Sykes Enterprises, Incorporated and HealthPlan Services Corporation. (14)
2.13	Acquisition Agreement, dated December 31, 1997, by and among the holders of all of the capital interests of McQueen International Limited and Sykes Enterprises, Incorporated. (11)
2.14	Stock Purchase Agreement, dated September 11, 1998, between HealthPlan Services Corporation and Sykes Enterprises, Incorporated. (17)

2.15 Acquisition Agreement, dated November 27, 1998, by and among the holders of all of the capital interests of TAS GmbH Nord Telemarketing und Vertriebsberatung, Sykes Enterprises, GmbH, and Sykes Enterprises, Incorporated. (19)

2.16 Combination Agreement, dated December 29, 1998, by and among the holders of all of the capital interests of Oracle Service Networks Corporation and Sykes Enterprises, Incorporated. (18)

3.1 Articles of Incorporation of Sykes Enterprises, Incorporated, as amended. (12)

3.2 Bylaws of Sykes Enterprises, Incorporated, as amended. (12)

4.1 Specimen certificate for the Common Stock of Sykes Enterprises, Incorporated. (1)

4.2 Credit Agreement between NationsBank N.A. and Sykes Enterprises, Incorporated dated as of February 27, 1998. (16)

4.3 Amendment No. 1 to Credit Agreement between NationsBank N.A. and Sykes Enterprises, Incorporated dated as of March 20, 1998. (16)

4.4 Guaranty Agreement between Sykes Enterprises, Incorporated and HealthPlan Services Corp. to NationsBank N.A. dated March 16, 1998.

(16)

10.1 Loan Agreement between NationsBank, N.A. and Sykes Enterprises, Incorporated dated as of December 31, 1996. (6)

10.2 Employment Agreement dated as of March 6, 2000 between John H. Sykes and Sykes Enterprises, Incorporated (filed herewith).

10.3 Employment Agreement dated as of March 6, 2000 between David L. Grimes and Sykes Enterprises, Incorporated (filed herewith).

10.4 Employment Agreement dated as of March 6, 2000 between Scott J. Bendert and Sykes Enterprises, Incorporated (filed herewith).

10.5 Employment Agreement dated as of March 6, 2000 between W. Michael Kipphut and Sykes Enterprises, Incorporated (filed herewith).

10.6 Employment Agreement dated as of March 6, 2000 between Dale W. Saville and Sykes Enterprises, Incorporated (filed herewith).

10.7 Employment Agreement dated as of March 6, 2000 between Gerry L. Rogers and Sykes Enterprises, Incorporated (filed herewith).

10.8 Employment Agreement dated as of March 6, 2000 between James E. Lamar and Sykes Enterprises, Incorporated (filed herewith).

10.9 Employment Agreement dated as of March 6, 2000 between Charles E. Sykes and Sykes Enterprises, Incorporated (filed herewith).

- 10.10 Stock Option Agreement between Sykes Enterprises, Incorporated and David E. Garner dated as of December 31, 1995. (1)
- 10.11 1996 Employee Stock Option Plan. (1)
- 10.12 1996 Non-Employee Director Stock Option Plan. (1)
- 10.13 1996 Non-Employee Directors' Fee Plan. (1)
- 10.14 Form of Split Dollar Plan Documents. (1)
- 10.15 Form of Split Dollar Agreement. (1)
- 10.16 Form of Indemnity Agreement between directors and executive officers and Sykes Enterprises, Incorporated. (1)
- 10.17 Aircraft Lease Agreement between JHS Leasing of Tampa, Inc. as lessor and Sykes Enterprises, Incorporated as lessee, dated December 1, 1995. (1)
- 10.18 Single Tenant Property Lease Agreement between Sykes Investments as landlord and Sykes Enterprises, Incorporated as tenant dated October 31, 1989, for building in Charlotte, North Carolina. (1)
- 10.19 Tax Indemnification Agreement between Sykes Enterprises, Incorporated and John H. Sykes. (1)
- 10.20 Consultant Agreement between Sykes Enterprises, Incorporated and E.J. Milani Consulting Corp. dated April 1, 1996. (1)
- 10.21 1997 Management Stock Incentive Plan. (15)
- 10.22 1999 Employees' Stock Purchase Plan. (19)
- 10.23 2000 Stock Option Plan (filed herewith).
- 13.1 1999 Sykes Enterprises, Incorporated Annual Report (incorporates sections only in electronic filing).
- 21.1 List of subsidiaries of Sykes Enterprises, Incorporated (filed herewith).
- 23.1 Consent of Ernst & Young LLP
- 23.2 Consent of PricewaterhouseCoopers LLP
- 24.1 Power of Attorney relating to subsequent amendments (included on the signature page of this report).
- 27.1 Financial Data Schedule (for SEC use only)(filed herewith).

- (1) Filed as the same numbered Exhibit to the Registrant's Registration Statement on Form S-1 (Registration No. 333-2324) and incorporated herein by reference.
- (2) Filed as an Exhibit to the Registrant's Form 8-K dated July 31, 1996, and incorporated herein by reference.
- (3) Filed as an Exhibit to the Registrant's Form 8-K dated September 16, 1996, and incorporated herein by reference.
- (4) Included as Appendix A to the Proxy Statement/Prospectus contained in the Registrant's Registration Statement on Form S-4 (Registration No. 333-20465) and incorporated herein by reference.
- (5) Filed as an Exhibit to the Registrant's Form 10-K dated March 30, 1997, and incorporated herein by reference.
- (6) Filed as Exhibit 2.5 to the Registrant's Registration Statement on Form S-4 (Registration No. 333-20465) and incorporated herein by reference.
- (7) Filed as an Exhibit to the Registrant's Current Report on Form 8-K dated June 16, 1997, and incorporated herein by reference.
- (8) Filed as an Exhibit to the Registrant's Current Report on Form 8-K dated September 26, 1997, and incorporated herein by reference.
- (9) Filed as the same numbered Exhibit to the Registrant's Registration Statement on Form S-3 (Registration No. 333-38513) and incorporated herein by reference.
- (10) Filed as an Exhibit to the Registrant's Form 10-Q dated June 29, 1997, and incorporated herein by reference.
- (11) Filed as an Exhibit to the Registrant's Current Report on Form 8-K dated January 15, 1998, and incorporated herein by reference.
- (12) Filed as an Exhibit to the Registrant's Registration Statement on Form S-3 (Registration No. 333-38513) and incorporated herein by reference.
- (13) Filed as an Exhibit to the Registrant's Registration Statement on Form S-3 (Registration No. 333-46569) and incorporated herein by reference.
- (14) Filed as an Exhibit to the Registrant's Form 10-K dated December 31, 1997, and incorporated herein by reference.
- (15) Filed as an Exhibit to the Registrant's Proxy Statement on Form 14A dated April 1, 1998, and incorporated herein by reference.
- (16) Filed as an Exhibit to the Registrant's Form 10-Q dated March 31, 1998, and incorporated herein by reference.
- (17) Filed as an Exhibit to Registrant's Current Report on Form 8-K dated September 11, 1998, and incorporated herein by reference.
- (18) Filed as an Exhibit to the Registrant's Current Report on Form 8-K dated December 29, 1998, and incorporated herein by reference.
- (19) Filed as an Exhibit to the Registrant's Form 10-K dated December 31, 1998, and incorporated herein by reference.

Exhibit 10.2

Employment Agreement Dated as of March 6, 2000 between John H. Sykes and Sykes Enterprises, Incorporated.

EXECUTIVE EMPLOYMENT AGREEMENT

THIS AGREEMENT is made as of the 6th day of March, 2000, by and between SYKES ENTERPRISES, INCORPORATED, a Florida corporation (the "Company"), and JOHN H. SYKES (the "Executive").

WITNESSETH:

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

WHEREAS, the Company recognizes that circumstances may arise in which a change in control of the Company occurs, through acquisition or otherwise, thereby causing uncertainty about the Executive's future employment with the Company without regard to the Executive's competence or past contributions, which uncertainty may result in the loss of valuable services of the Executive to the detriment of the Company and its shareholders, and the Company and the Executive wish to provide reasonable security to the Executive against changes in the Executive's relationship with the Company in the event of any such change in control;

WHEREAS, the Company and the Executive are desirous that any proposal for a change in control or acquisition of the Company will be considered by the Executive objectively and with reference only to the best interests of the Company and its shareholders;

WHEREAS, the Executive will be in a better position to consider the Company's best interests if the Executive is afforded reasonable security, as provided in this Agreement, against altered conditions of employment which could result from any such change in control or acquisition;

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 agrees to employ the Executive, and the Executive hereby agrees to serve the Company in two separate capacities: 1) as Chairman of the Board ("Chairman") and 2) as Chief Executive Officer ("CEO"). As Chairman, the Executive shall render to the Company such management and policy-making services of the type customarily performed by persons serving in similar capacities with other employers that are similar to the Company, together with such other duties with which he is charged by the Company's By-laws. As CEO, the Executive shall report directly to the Company's Board of Directors and shall render to the Company such management and policy-making services of the type customarily performed by persons serving in similar capacities with other employers that are similar to the Company, together with such other duties with which he is charged by the Company's By-laws and subject to the overall direction and control of the Company's Board of Directors. The Executive accepts such employment and agrees to devote his best efforts and substantially all of his business time, skill, labor and attention to the performance of such duties. 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 5 hereof, the employment of the Executive under this Agreement shall commence on the date hereof and shall continue through and including the close of business on the fifth anniversary of the date hereof (the "Initial Term"); provided, however, that this Agreement shall renew automatically on the anniversary of such termination date for successive two-year terms unless terminated as set forth in Section 5 hereof (such term, including any such two-year extension thereof, shall herein be defined as the "Term").

3. COMPENSATION.

(a) Annual Base Salary and Bonus. As compensation for his services under this Agreement, the Executive shall receive, and the Company shall pay, an annual base salary of such amount as shall be determined by the Company's Board of Directors not less than Five Hundred Fifty Thousand Dollars (\$550,000) for the first year of the Term, and thereafter during the Term at such annual base salary as shall be determined by the Company's Board of Directors; provided, however, the annual base salary shall be increased by at least thirty percent (30%) at the expiration of the Initial Term and shall be increased by at least fifteen percent (15%) at the expiration of each two-year automatic renewal term. Such annual base salary shall be payable in equal installments in accordance with the policy then prevailing for the Company's executives. In addition to such annual base salary, the Executive shall be entitled, during the Term, to a performance bonus as determined by the Compensation Committee of the Board of Directors (or other committee performing similar functions), and to participate in and receive payments from all other bonus and other incentive compensation plans as may be adopted by the Company as are made available to other executive officers of 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 him in the performance of his duties hereunder in accordance with the Company's standard policy regarding expense verification practices. The Executive shall be entitled to the fringe benefits described in Exhibit A hereto, that number of weeks paid vacation per year that is available to other executive officers of the Company, and shall be eligible to participate in such pension, life insurance, health insurance, disability insurance and other employee benefits plans, if any, which the Company may from time to time make available to its executive officers generally.

4. COVENANT NOT TO COMPETE.

(a) The Executive covenants and agrees that during his employment by the Company (whether during the Term hereof or otherwise), and thereafter for a period of two (2) years following the termination of the Executive's employment with the Company, he will not:

(i) 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;

(ii) 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; soliciting customers or otherwise serving as an intermediary for any such competitor; or loaning money or rendering any other form of financial assistance to or engaging in any form of business transaction whether or not on an arms' length basis with any such competitor; or

(iii) 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 5 % of the equity securities of a corporation which has such securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

(b) The Executive agrees that the geographic scope of this covenant not to compete shall extend to (i) the entire United States, which is the geographic area in which the Company has operated its business at some time during the two years preceding the date of this Agreement; or (ii) such broader geographic area where the Company conducts business at any time during the Term of this Agreement.

(c) 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 4.

(d) 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.

5. 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 twelve (12) 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 of termination.

(c) Cause. The Company may terminate the Executive's employment hereunder for Cause effective immediately upon written notice of termination. 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 the 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, which substantially impairs the Executive's ability to perform his duties hereunder; or (iii) for the Executive's material violation of this Agreement, including without limitation, Section 4 hereof.

(d) Voluntary Termination by Executive. The Executive may terminate his employment hereunder upon (i) a Change of Control of the Company (as defined in Appendix A), (ii) a good faith determination by the Executive that there has been a breach of the Agreement by the Company (iii) a material adverse change in the Executive's working conditions or status, (iv) a significant relocation of the Executive's principal office, (v) a significant increase in travel requirements, or (vi) an impairment of the Executive's health to an extent that makes the continued performance of his duties hereunder hazardous to his physical or mental health or his life (any one of the preceding constituting "Good Reason"), by delivering written notice of termination to the Company indicating in reasonable detail the facts and circumstances alleged to provide a basis for such termination and shall cease performing the Executive's duties hereunder on the date which is ten (10) days after delivery of the notice, which date shall also be the date of termination of the Executive's employment.

(e) Severance Payment. In the event of a termination of the Executive's employment other than by the Company for Cause or by the Executive in a manner which does not satisfy Section 5(d) the Company shall pay the Executive (subject to the provisions of Section 6 of this Agreement) a one-time, lump-sum severance payment equal to the product of three (3) times the sum of (i) the Executive's annual base salary in effect at the time of such termination and (ii) the Executive's average annual bonus and other compensation for the three (3) full calendar years immediately preceding such termination ("Severance Payment"). The Severance Payment shall be paid to the Executive in cash equivalent not later than ten (10) business days after the date of termination of the Executive's employment, subject to the provisions of Section 6 of this Agreement.

(f) Benefits. The following shall apply upon termination of the Executive's employment for any reason:

(i) 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 employee of the Company through the termination date, including payments of base salary accrued hereunder through the calendar month in which such termination occurs.

(ii) The Company shall maintain in full force and effect, for the continued benefit of the Executive during his lifetime and if Executive is married at his time of death, for his then spouse during her lifetime, all employee benefit plans and programs in which the Executive was entitled to participate immediately prior to the date of termination of the Executive's employment provided that the Executive's (or his spouse) continued participation is possible under the general terms and provisions of such plans and programs. In the event that the Executive's (or his spouse) participation in any such plan or program is barred as a result of a disability, the Executive shall be entitled to receive an amount equal to the annual contributions, payments, credits or allocations which would have been made by the Company to him, to his account or on his behalf under such plans and programs from which his continued participation is barred.

(iii) At the Executive's option, the Company shall either make available an office to the Executive, or reimburse the Executive for any fees and lease payments incurred in connection with occupying an off-site office. Also, the Company shall reimburse the Executive for any and all wages paid to a secretary hired to assist the Executive and for one-third (1/3rd) of the costs of maintaining any health care, dental, life insurance or disability benefit plans for such a secretary. The benefits under this Section 5(f)(iii) shall continue so long as the Executive elects to receive the same for his benefit.

6. TAX PROVISIONS.

(a) No Excess Parachute Payment. It is the intention of the Company and the Executive that no portion of the Severance Payment or any other payment or benefit under 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; (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 Payment 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 non-cash 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 6(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 6(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 6, 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.

(d) Effect of Change in Law. In the event that the provisions of Sections 280G and 4999 of the Code (or any successor provisions) are repealed, this Section 6 shall cease to be effective on the effective date of such repeal. The parties to this Agreement recognize that final regulations promulgated under Section 280G of the Code may affect the amounts that may be paid under this Agreement and agree that, upon issuance of such final regulations, this Agreement may be modified as the parties hereto may in good faith deem necessary in light of the provisions of such regulations to achieve the purposes of this Agreement, and that consent to such modification shall not be unreasonably withheld.

7. ADDITIONAL PAYMENT.

(a) If, notwithstanding the provisions of Section 6 of this Agreement, it is ultimately determined by a court or pursuant to a final determination by the IRS that any portion of the Severance Benefits is subject to the tax (the "Excise Tax") imposed by Section 4999 of the Code (or any successor provision), then the Company shall pay to the Executive an additional amount (the "Gross-Up Payment") such that the net amount retained by the Executive, after deduction of (i) any Excise Tax; (ii) any federal, state or local income tax, interest charges or penalties arising in respect of the imposition of such Excise Tax; and (iii) any federal, state or local income tax or Excise Tax imposed upon the payment provided for by this Section 7, shall be equal to the Severance Benefits. For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rates of taxation in the state and locality of the Executive's domicile for income tax purposes on the date the Gross-Up Payment is made, net of the maximum reduction in federal income taxes that could be obtained from deduction of such state and local taxes.

(b) If legislation is enacted that would require the Company's stockholders to approve this Agreement, prior to a Change in Control, due solely to the provision contained in subsection

(a) of this Section 7, then (i) from and after such time as stockholder approval would be required, until stockholder approval is obtained

as required by such legislation, subsection (a) shall be of no force and effect; (ii) if the Company seeks stockholder approval of any other agreement providing similar benefits to any other executive of the Company, the Company shall seek stockholder approval of this Agreement at the same stockholders meeting or meetings at which the stockholders consider any such other agreement; and (iii) the Company and the Executive shall use their best efforts to consider and agree in writing upon an amendment to this Section 7 such that, as amended, such Section would provide the Executive with the benefits intended to be afforded to the Executive by subsection (a) without requiring stockholder approval.

8. SUCCESSORS.

(a) If the Company sells, assigns or transfers all or substantially all of its business and assets to any Person or if the Company merges into or consolidates or otherwise combines (where the Company does not survive such combination) with any Person (any such event, a "Sale of Business"), then the Company shall assign all of its right, title and interest in this Agreement as of the date of such event to such Person, and the Company shall cause such Person, by written agreement in form and substance reasonably satisfactory to the Executive, to expressly assume and agree to perform from and after the date of such assignment all of the terms, conditions and provisions imposed by this Agreement upon the Company. Failure of the Company to obtain such agreement prior to the effective date of such Sale of Business shall be a breach of this Agreement. In case of such assignment by the Company and of assumption and agreement by such Person, as used in this Agreement, "Company" shall thereafter mean such Person which executes and delivers the agreement provided for in this Section 8 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law, and this Agreement shall inure to the benefit of, and be enforceable by, such Person. The Executive shall, in the Executive's discretion, be entitled to proceed against any or all of such Persons, any Person which theretofore was such a successor to the Company (as defined in the first paragraph of this Agreement) and the Company (as so defined) in any action to enforce any rights of the Executive hereunder. Except as provided in this Subsection, this Agreement shall not be assignable by the Company. This Agreement shall not be terminated by the voluntary or involuntary dissolution of the Company.

(b) This Agreement and all rights of the Executive shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, heirs and beneficiaries. All amounts payable to the Executive under Sections 3, 5, and 7 of this Agreement if the Executive had lived shall be paid, in the event of the Executive's death, to the Executive's estate, heirs and representatives; provided, however, that the foregoing shall not be construed to modify any terms of any benefit plan of the Company, as such terms are in effect on the date of the Executive's death, that expressly govern benefits under such plan in the event of the Executive's death.

9. SEVERABILITY. The provisions of this Agreement shall be regarded as divisible, and if any of said provisions or any part hereof are declared invalid or unenforceable by a court of competent jurisdiction, then the validity and enforceability of the remainder of such provisions or parts hereof and the applicability thereof shall not be affected thereby.

10. AMENDMENT. This Agreement may not be amended or modified at any time except by written instrument executed by the Company and the Executive.

11. WITHHOLDING. The Company shall be entitled to withhold from amounts to be paid to the Executive hereunder any federal, state or local withholding or other taxes or charges which it is from time to time required to withhold; provided, that the amount so withheld shall not exceed the minimum amount required to be withheld by law (unless the Executive has otherwise indicated in writing). The Company shall be entitled to rely on an opinion of nationally recognized tax counsel if any question as to the amount or requirement of any such withholding shall arise.

12. 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 actually received, whether hand-delivered (as long as receipt is acknowledged), 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:

John H. Sykes
901 South Newport Avenue
Tampa, Florida 33606

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

13. **NO WAIVER; ENTIRE AGREEMENT.** No waiver by any party hereto of any breach of this Agreement 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.

14. **NO ASSIGNMENT.** 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.

15. **COUNTERPARTS.** 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.

16. **GOVERNING LAW.**

(a) The validity, interpretation, construction and performance of this Agreement shall be governed by the internal laws of the State of Florida, except that Section 16(b) shall be construed in accordance with the Federal Arbitration Act if arbitration is chosen by the Executive as the method of dispute resolution.

(b) Any dispute arising out of this Agreement shall, at the Executive's election, be determined by either (i) arbitration under the rules of the American Arbitration Association then in effect (but subject to any evidentiary standards set forth in this Agreement), in which both parties shall be bound by the arbitration award, or (ii) by litigation. Whether the dispute is to be settled by arbitration or litigation, the venue for the arbitration or litigation shall be Tampa, Florida or, at the Executive's election, if the Executive is no longer residing or working in the Tampa, Florida metropolitan area, in the judicial district encompassing the city in which the Executive resides; provided, that, if the Executive is not then residing in the United States, the election of the Executive with respect to such venue shall be either Tampa, Florida or in the judicial district encompassing that city in the United States among the thirty cities having the largest population (as determined by the most recent United States Census data available at that time) that is closest to the Executive's residence. The parties consent to personal jurisdiction in each trial court in the selected venue having subject matter jurisdiction notwithstanding their residence or situs, and each party irrevocably consents to service of process in the manner provided hereunder for the giving of notices.

17. **CERTAIN RULES OF CONSTRUCTION.** No party shall be considered as being responsible for the drafting of this Agreement for the purpose of applying any rule construing ambiguities against the drafter or otherwise. No draft of this Agreement shall be taken into account in construing this Agreement. Any provision of this Agreement which requires an agreement in writing shall be deemed to require that the writing in question be signed by the Executive and an authorized representative of the Company.

18. HEADINGS. The headings herein contained are for reference only and shall not affect the meaning or interpretation of any provision of this Agreement.

APPENDIX A

For purposes of Section 5(d) of this Agreement, a Change of Control shall be deemed to have occurred if the event set forth in any one of the following paragraphs shall have occurred:

- (i) any person or entity, or group thereof acting in concert (a "Person") (other than (A) the Company or any of its subsidiaries, (B) a trustee or other fiduciary holding securities under any employee benefit plan of the Company or any of its subsidiaries, (C) an underwriter temporarily holding securities pursuant to an offering of such securities or (D) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock in the Company), being or becoming the "beneficial owner" (as such term is defined in Securities and Exchange Commission ("SEC") Rule 13d-3 under the Exchange Act) of securities of the Company which, together with securities previously owned, confer upon such person, entity or group the combined voting power, on any matters brought to a vote of shareholders, of twenty percent (20%) or more of the then outstanding shares of voting securities of the Company; or
- (ii) the sale, assignment or transfer of assets of the Company or any subsidiary or subsidiaries, in a transaction or series of transactions, if the aggregate consideration received or to be received by the Company or any such subsidiary in connection with such sale, assignment or transfer is greater than fifty percent (50%) of the book value, determined by the Company in accordance with generally accepted accounting principles, of the Company's assets determined on a consolidated basis immediately before such transaction or the first of such transactions; or
- (iii) the merger, consolidation, share exchange or reorganization of the Company (or one or more direct or indirect subsidiaries of the Company) as a result of which the holders of all of the shares of capital stock of the Company as a group would receive less than fifty percent (50%) of the combined voting power of the voting securities of the Company or such surviving or resulting entity or any parent thereof immediately after such merger, consolidation, share exchange or reorganization; or
- (iv) the adoption of a plan of complete liquidation or the approval of the dissolution of the Company; or
- (v) the commencement (within the meaning of SEC Rule 13e-4 under the Exchange Act) of a tender or exchange offer which, if successful, would result in a Change of Control of the Company; or
- (vi) a determination by the Board of Directors of the Company, in view of the then current circumstances or impending events, that a Change of Control of the Company has occurred or is imminent, which determination shall be made for the specific purpose of triggering the operative provisions of this Agreement.

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

SYKES ENTERPRISES, INCORPORATED

Dated: March 6, 2000

By:

David L. Grimes, President

EXECUTIVE

Dated: March 6, 2000

John H. Sykes

EXHIBIT A TO EMPLOYMENT AGREEMENT

Performance Bonus: up to 100% Base Salary as determined by the Board of Directors of the Company, payable at the time during the year that the Company customarily pays bonuses. The annual performance Bonus will be based upon the following factors, weighted in the manner below indicated, unless otherwise agreed by the Company and the Executive:

- 50% Achieving all street expectations for the quarters and the relevant year
- 30% Achieving the Operating Plan for the relevant year
- 20% Personal effectiveness of the Executive in his assigned role

Performance Options: For each calendar year in which this Exhibit A shall be in effect, the Executive shall be granted options to acquire 720,000 shares at an exercise price determined in accordance with the terms of the 1997 Management Stock Incentive Plan. The exercise price per share effective for grants under the 1997 Management Stock Incentive Plan for 2000 is \$18. The Performance Options shall vest quarterly in accordance with the following Schedule upon meeting the financial performance standards stated below:

Standard -----	Q1 --	Q2 --	Q3 --	Q4 --
Revenues at street level	60,000	60,000	60,000	60,000
Gross Profit Margin at street level	60,000	60,000	60,000	60,000
Operating Net Profit at street level	60,000	60,000	60,000	60,000

An additional award of 100,000 options shall be made for each of the foregoing financial performance standards which are met for all 4 quarters.

IN WITNESS WHEREOF, the parties have executed this Exhibit A as of the 6th day of March, 2000.

SYKES ENTERPRISES, INCORPORATED

By:
David Grimes, President

JOHN H. SYKES

Exhibit 10.3

Employment Agreement Dated as of March 6, 2000 between David L. Grimes and Sykes Enterprises, Incorporated.

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT is entered into as of March 6, 2000 (the "Effective Date") by and between SYKES ENTERPRISES, INCORPORATED, a Florida corporation (the "Company"), and DAVID L. GRIMES (the "Executive").

WITNESSETH:

WHEREAS, on or about November 17, 1998, the Company and the Executive entered into an Employment Agreement (the "Prior Employment Agreement") pursuant to which the Company employed the Executive as its President and the Executive commenced his service to the Company in such capacity; and

WHEREAS, the Company and the Executive desire to amend and restate such Employment Agreement to set forth certain additional and supplement of terms to apply if, but only if, the Executive is promoted to Chairman and/or Chief Executive Officer of the Company, which appointment is subject to the exercise of discretion by the Board of Directors; and

WHEREAS, the Company and the Executive intend that this Agreement shall supercede the Prior Employment Agreement;

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) as the President and Chief Operating Officer of 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 provide promptly 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 10% 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 additional 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 March 6, 2000 and shall continue through and including the close of business on the second annual anniversary date thereof as set forth on Exhibit A attached hereto and incorporated herein, or, if Executive during the term described in Exhibit A is promoted to Chairman and/or Chief Executive Officer, the additional term set forth on Exhibit B (such term shall herein be defined as the "Term").

3. **COMPENSATION.**

(a) **BASE SALARY AND BONUS.**

(1) **For Services As President and Chief Operating Officer.** As compensation for the Executive's services under this Agreement as President and Chief Operating Officer, 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 of his employment as President and Chief Operating Officer, to a performance bonus as set forth on Exhibit A and to participate in and receive payments from all other bonus and other incentive compensation plans as may be adopted by the Company on the same basis as other executive officers of the Company.

(2) Upon Promotion. If, in the sole discretion of the Company, the Executive is promoted to Chairman and/or Chief Executive Officer, as compensation for the Executive's services in such position under this Agreement, the Executive shall receive, and the Company shall pay, a weekly base salary set forth on Exhibit B. 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 portion of the Term in which the Executive is employed as Chairman and/or Chief Executive Officer, to a performance bonus as set forth on Exhibit B and to participate in and receive payments from all other bonus and other incentive compensation plans as may be adopted by the Company on the same basis as other executive officers of 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 are set forth on Exhibit A and, to the extent applicable, Exhibit B and shall be eligible to participate in such pension, life insurance, health insurance, disability insurance and other employee 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 (for this purpose including all subsidiaries and affiliates, including without limitation confidential information with respect to the Company's 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 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 and objects concerning any 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 (except for the purpose of performing Executive's duties) 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.

5. COVENANT NOT TO COMPETE.

(a) Subject to the payment provisions set forth in (g) below, the Executive covenants and agrees that during the Executive's employment by the Company (whether during the Term hereof or otherwise), and thereafter for a period of time set forth on Exhibit A or Exhibit B, as applicable, following the termination of the Executive's employment with the Company, the Executive will not:

(i) directly or indirectly engage in, continue in or carry on the business of any corporation, partnership, firm or other business organization which is now, becomes or may become a competitor 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;

(ii) 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; soliciting customers or otherwise serving as an intermediary for any such competitor; or loaning money or rendering any other form of financial assistance to or engaging in any form of business transaction whether or not on an arms' length basis with any such competitor; or

(iii) 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 corporation which has such securities registered under Section 12 of the Securities Exchange Act of 1934, as amended.

(b) The Executive agrees that the geographic scope of this covenant not to compete shall extend to the geographic area where the Company's customers conduct business at any time during the Term of this Agreement. For purposes of this Agreement, "customers" 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 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 purposes of obtaining business for the Company.

(c) 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. Further, the Executive acknowledges and agrees that the Company shall be entitled to liquidated damages in the amount of \$500 per day for each day during which the Executive is in violation of this covenant not to compete, and the Executive does specifically acknowledge and agree that the liquidated damages in such amount are fair and reasonable, in that it may be difficult for the Company to determine the extent of the damages actually incurred in the event of the breach of this covenant not to compete by the Executive.

(d) 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) For the purposes of this Section 5, Company shall be deemed to include the Company, as well as its subsidiaries and affiliates.

(f) The parties hereto expressly acknowledge and agree that any provision of this Section 5 may be amended or waived by the mutual written agreement of both parties.

(g) In addition to complying with the notice requirements of Section 6, in order for the covenant not to compete set forth in this Section 5 to be binding upon the Executive, the Company must comply with the following provisions:

(i) If the Company should terminate the Executive's employment for any reason other than pursuant to Section 6 prior to the end of the Term (or if the Executive should terminate his employment for Good Reason after a Change of Control), then the Company must pay the Executive both the applicable Severance Payment for the balance of the Term (or in the event of a Change of Control, the Change of Control Termination Payment) and an annual amount equal to the Severance Payment for such period as the covenant not to compete is to remain in effect at the election of the Company after the end of the Term (with such 12-month or 24-month period to be noticed by the Company pursuant to Section 6).

(ii) If the Executive remains in the employ of the Company pursuant to the terms of this Agreement for the full Term, and the employment of the Executive is not renewed at such time, then the Company must pay the Executive an annual amount equal to the Severance Payment for such period as the covenant not to compete is to remain in effect at the election of the Company after the end of the Term (with such 12-month or 24-month period to be noticed by the Company pursuant to Section 6).

(iii) If the Executive should terminate his employment prior to the end of the Term (for other than Good Reason in the event of a Change of Control), then after the Company has given notice pursuant to Section 6, the Company will not be required to make any payment to the Executive for

the covenant not to compete to be effective for the 12-month or 24-month period noticed by the Company pursuant to Section 6.

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 the termination of the six (6) month period referenced in this Section 6(b).

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, substantial 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 repeated 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) for the Executive's violation of this Agreement, including without limitation Section 5 hereof; (v) chronic absenteeism; (vi) use of illegal drugs or addiction to habit forming drugs; (vii) insobriety by the Executive while performing his or her duties hereunder; and (viii) any act of dishonesty or falsification of reports, records or information submitted by the Executive to the Company. Prior to any termination for Cause by the Company of the Executive's employment hereunder (other than for Cause which is not reasonably curable by the Executive), the Company shall provide the Executive with written notice of its intention so to terminate (the "Termination Notice"). The Termination Notice shall set forth in reasonable detail the grounds for the termination for Cause. The Company hereby expressly acknowledges and agrees that the Executive shall be granted a period of thirty (30) days from the date of the receipt by the Executive of the Termination Notice, in order to remedy any act or omission of the Executive which constitutes the grounds for Cause hereunder.

d. SEVERANCE PAYMENT. In the event of a termination of the Executive's employment pursuant to this Section 6, or by the Executive, prior to the end of the Term, all payments to the Executive hereunder 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 this Section 6, then the Company shall pay the Executive severance pay for the balance of the Term (in equal installments in accordance with Company policy immediately prior to such termination) in the amount set forth on Exhibit A or Exhibit B, as applicable ("Severance Payment").

If the Company terminates the Executive's employment pursuant to this Section 6 or the Executive terminates such employment, prior to the end of the Term, the Executive shall not be entitled to the Severance Payment and the covenant not to compete set forth in Section 5 hereof shall remain in full force and effect for either a 12 or 24 month period noticed by the Company pursuant to this Section 6. 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 employee of the Company through the termination date.

In all events where the Company elects to enforce the covenant not to compete set forth in Section 5 hereof after Executive is no longer in the employment of the Company it shall notify Executive in writing as follows:

(i) Prior to the end of the Term, if Executive's employment has not been terminated prior to the end of the Term;

(ii) Within ten (10) days of the Company's receipt of Executive's resignation if termination is by the Executive; and

(iii) If termination is for Cause at the time Company notifies Executive if Termination for Cause.

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; (ii) other than by the Executive and (iii) other than as set forth in 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:

a. the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, after the annual meeting of shareholders of the Company held in 2000, constituted the Board of Directors and any new director (other than a director 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 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

b. 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 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

c. 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.

d. 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); and (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 here below defined), or the title of President of the Company.

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 of president of a company similar to the Company (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 the Severance Payment or any other payment or benefit under 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; (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 Payment 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 non-cash 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 6, 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
Attn: Chief Executive Officer
CC: 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.

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, 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 superceded 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. The validity, interpretation, construction and performance of this Agreement shall be governed by the internal laws of the State of Florida. 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 jointly drafted by the respective representatives of the parties and no party shall be considered as being responsible for such drafting for the purpose of applying any rule constituting 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

Dated: March 6, 2000

By:

John H. Sykes, Chief Executive
Officer

EXECUTIVE

Dated: March 6, 2000

DAVID L. GRIMES

EXHIBIT A TO EMPLOYMENT AGREEMENT

This Exhibit A shall be effective from the Effective Date of this Agreement, through the date on which Exhibit B shall become effective in accordance with its terms. In the event that Exhibit C shall become effective, this Exhibit A shall continue to be effective, except as modified in the manner described in Exhibit C.

Term: Five (5) years from the Effective Date (March 6, 2000).

Base Salary: \$8,173.08 per week, effective March 6, 2000.

Performance Bonus: up to 50% Base Salary as determined by the Chairman of the Company, payable at the time during the year that the Company customarily pays bonuses. The annual performance Bonus will be based upon the following factors, weighted in the manner below indicated, unless otherwise agreed by the Company and the Executive:

50% Achieving all street expectations for the quarters and the relevant year

30% Achieving the Operating Plan for the relevant year 20% Personal effectiveness of the Executive in his assigned role

Performance Options: For each calendar year in which this Exhibit A shall be in effect, the Executive shall be granted options to acquire 100,000 shares at an exercise price determined in accordance with the terms of the 1997 Management Stock Incentive Plan which, for grants under the 1997 Management Stock Incentive Plan for 2000, is \$18. The Performance Options shall be awarded with reference to the following standards.

1. Financial Performance. For each calendar year in which this Exhibit A shall be in effect, the Executive shall be granted options to acquire 30,000 shares which shall vest quarterly in accordance with the following Schedule upon meeting the financial performance standards stated below:

Standard -----	Q1 --	Q2 --	Q3 --	Q4 --
Revenues at street level	2,500	2,500	2,500	2,500
Gross Profit Margin at street level	2,500	2,500	2,500	2,500
Operating Net Profit at street level	2,500	2,500	2,500	2,500

In the event that each of the foregoing financial performance standards are met for each quarter, an additional award of 20,000 options shall be made.

2. Operating Plan. In addition to the foregoing, an award of up to 50,000 options shall be made based upon meeting the Company's Operating Plan, as follows:

Percent of Operating Plan -----	Options -----
80%	10,000
85%	20,000
90%	30,000
95%	40,000
100%	50,000

Award of Stock Options On Effective Date of Agreement. On the Effective Date of this Agreement, the Executive shall be awarded 75,000 options at an exercise price of \$18 per share under the Sykes Enterprises, Incorporated Employee Stock Option Plan of 1996, which shall vest in equal installments of 25,000 shares on the first, second and third anniversaries of this Agreement.

Fringe Benefits: The Company will reimburse you, both the initiation and monthly membership dues for Palma Ceia Country Club, Avila Country Club and a downtown luncheon club or a luncheon club in the Tampa area of a similar quality and reputation.

Covenant Not to Compete: 24 months or 12 months as noticed by the Company.

Severance Payment: \$425,000 per year.

IN WITNESS WHEREOF, the parties have executed this Exhibit A as of the 6th day of March, 2000.

SYKES ENTERPRISES, INCORPORATED

By:

John H. Sykes, Chief Executive Officer

DAVID L. GRIMES

EXHIBIT B TO EMPLOYMENT AGREEMENT

Upon the appointment by the Board of Directors of the Company of the Executive as the Chairman and/or Chief Executive Officer of the Company (which appointment is subject to the exercise of the Board's discretion, and is not assured), the terms of this Exhibit B shall become immediately effective.

Term: Commencing upon appointment of the Executive by the Board of Directors of the Company as the Chairman and/or Chief Executive Officer of the Company, a term ending on the fifth anniversary of the effective Date of this Agreement, with no provision for any automatic renewal.

Base Salary: \$10,096.16 per week.

Performance Bonus: up to 75% Base Salary as determined by the Board of Directors of the Company, payable at the time during the year that the Company customarily pays bonuses. The annual performance Bonus will be based upon the following weighted factors, unless otherwise agreed by the Company and the Executive:

50% Achieving all street expectations for the quarters and the relevant year

30% Achieving the Operating Plan for the relevant year 20% Personal effectiveness of the Executive in his assigned role.

Performance Options: For each calendar year in which this Exhibit B shall be in effect, the Executive shall be granted options to acquire 160,000 shares at an exercise price determined in accordance with the terms of the 1997 Management Stock Incentive Plan. The Performance Options shall be awarded with reference to the following standards.

1. Financial Performance. For each calendar year in which this Exhibit B shall be in effect, the Executive shall be granted options to acquire 60,000 shares which shall vest quarterly in accordance with the following Schedule upon meeting the financial performance standards stated below:

Standard -----	Q1 --	Q2 --	Q3 --	Q4 --
Revenues at street level	5,000	5,000	5,000	5,000
Gross Profit Margin at street level	5,000	5,000	5,000	5,000
Operating Net Profit at street level	5,000	5,000	5,000	5,000

In the event that each of the foregoing financial performance standards are met for each quarter, an additional award of 20,000 options shall be made.

2. Operating Plan. In addition to the foregoing, an award of up to 80,000 options shall be made based upon meeting the Company's Operating Plan, as follows:

Percent of Operating Plan ----	Options -----
80%	16,000
85%	32,000
90%	48,000
95%	64,000
100%	80,000

Additional Award of Stock Options On Date Exhibit B Becomes Effective. Upon becoming Chairman and/or Chief Executive Officer, the Executive shall be awarded 100,000 options under the Sykes Enterprises, Incorporated Employee Stock Option Plan of 1996, which shall vest in equal installments on the first, second and third anniversaries of the date that this Exhibit B becomes effective.

Fringe Benefits: The Company will reimburse you, both the initiation and monthly membership dues for Palma Ceia Country Club, Avila Country Club and a downtown luncheon club or a luncheon club in the Tampa area of a similar quality and reputation.

Covenant Not to Compete: 24 months.

Severance Payment: \$525,000 per year

IN WITNESS WHEREOF, the parties have executed this Exhibit B as of the 6th day of March, 2000.

SYKES ENTERPRISES, INCORPORATED

By:

John H. Sykes, Chief Executive Officer

DAVID L. GRIMES

EXHIBIT C TO EMPLOYMENT AGREEMENT

In the event that the Executive shall not have been appointed Chairman and/or Chief Executive Officer by May 6, 2001, then, effective on May 6, 2001, the provisions of Exhibit B relating to awards of stock options under the captions "Performance Options" and the "Additional Award of Stock Options on Date that Exhibit B Becomes Effective" shall become effective.

Furthermore, upon a Change in Control, as defined in this Agreement (i) the provisions of Exhibit B relating to awards of stock options under the captions "Performance Options" and the "Additional Award of Stock Options on Date Exhibit B Becomes Effective" shall become effective, in lieu of the applicable provisions of Exhibit A, and (ii) all options previously awarded to the Executive shall immediately vest.

IN WITNESS WHEREOF, the parties have executed this Exhibit C as of the 6th day of March, 2000.

SYKES ENTERPRISES, INCORPORATED

By:

John H. Sykes, Chief Executive Officer

DAVID L. GRIMES

Exhibit 10.4

Employment Agreement Dated as of March 6, 2000 between Scott J. Bendert and Sykes Enterprises, Incorporated.

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 1st day of March, 2000, by and between SYKES ENTERPRISES, INCORPORATED, a Florida corporation (the "Company"), and SCOTT J. BENDERT (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 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. 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.

8. 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.

9. 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:

Scott J. Bendert

Address:

EXHIBIT A TO EMPLOYMENT AGREEMENT

This Exhibit A is attached to and made a part of that certain Employment Agreement dated effective March 1, 2000, entered into by and between Sykes Enterprises, Incorporated (the "Company") and Scott J. Bendert (the "Executive," which supercedes and replaces that certain Employment Agreement dated April 5, 1999 entered into by and between the Company and the Executive.

TERM:	Two (2) Years, commencing March 1, 2000.
BASE SALARY	\$4,326.92 per week
PERFORMANCE BONUS:	0% to 50% of annual Base Salary (See Attachment I)
FRINGE BENEFITS:	Standard fringe benefits for executives
TERM OF COVENANT	
NOT TO COMPETE:	12 months
NON-COMPETE PAYMENT:	\$4,326.92 per week for 52 weeks
LIQUIDATED DAMAGES	\$4,326.92 per week

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 ____ day of _____, 2000.

SYKES ENTERPRISES, INCORPORATED

EXECUTIVE

By:

Exhibit 10.5

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 6th day of March, 2000, by and between SYKES ENTERPRISES, INCORPORATED, a Florida corporation (the "Company"), and W. MICHAEL KIPPHUT (the "Executive").

WITNESSETH :

WHEREAS, the Company desires to assure itself of the Executive's continued employment in an executive capacity and the Company's Vice President and Chief Financial Officer; 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) as its Vice President and Chief Financial Officer. The executive shall report to the Office of the Chairman, which will comprise the Chairman of the Board of Directors, the Chief Executive Officer, and the President of 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. During the term, 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 Client 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 Client 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. 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) specified in Section 6(a) above or provided for 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 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.

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
100 North Tampa Street, Suite 3900
Tampa, Florida 33602
Attention: VP Human Resources

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, 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.

In the event action is brought by either party to enforce any of the terms and conditions set forth herein, the prevailing party is entitled to recover its reasonable attorney's fees and costs.

9. 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: _____

W. Michael Kipphut

Address:

W. Michael Kipphut

EXHIBIT A TO EMPLOYMENT AGREEMENT

TERM:	Two (2) Years
BASE SALARY	\$3,846.15 per week
PERFORMANCE BONUS:	Eligible for 0% to 100% of base compensation based on Performance Bonus Plan for Vice President & Chief Financial Officer to be developed.
FRINGE BENEFITS:	Eligible for standard fringe benefits for Executives
STOCK OPTIONS:	50,000 1996 options, vesting 1/3 per year 3 years; 60,000 1997 performance options, vesting based on goal achievement.
COVENANT NOT TO COMPETE:	Twelve (12) months
NON-COMPETE PAYMENT:	\$3,846.15 per week for 52 weeks

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, EXCEPT FOR THOSE BONUSES AND OTHER BENEFITS SET FORTH IN THE EMPLOYMENT AGREEMENT.

IN WITNESS WHEREOF, the parties have executed this Exhibit A to the Employment Agreement as of the ____ day of _____, 2000.

SYKES ENTERPRISES, INCORPORATED EXECUTIVE

By: _____

Exhibit 10.6

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 1st day of March, 2000, by and between SYKES ENTERPRISES, INCORPORATED, a Florida corporation (the "Company"), and DALE W. SAVILLE (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 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 Client 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 Client 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. 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.

8. 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.

9. 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: _____

Dale W. Saville

Address:

EXHIBIT A TO EMPLOYMENT AGREEMENT

This Exhibit A is attached to and made a part of that certain Employment Agreement dated effective March 1, 2000, entered into by and between Sykes Enterprises, Incorporated (the "Company") and Dale W. Saville (the "Executive," which supercedes and replaces that certain Employment Agreement dated August 15, 1997 entered into by and between the Company and the Executive.

TERM:	Two (2) Years, commencing March 1, 2000.
BASE SALARY	\$3,049.92 per week
PERFORMANCE BONUS:	0% to 50% of annual Base Salary (See Attachment I)
FRINGE BENEFITS:	Standard fringe benefits for executives
TERM OF COVENANT	
NOT TO COMPETE:	12 months
NON-COMPETE PAYMENT:	\$1,520.00 per week for 52 weeks
LIQUIDATED DAMAGES	\$1,520.00 per week

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 ____ day of _____, 2000.

SYKES ENTERPRISES, INCORPORATED EXECUTIVE

By: _____

Exhibit 10.7

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 1st day of March, 2000, by and between SYKES ENTERPRISES, INCORPORATED, a Florida corporation (the "Company"), and GERRY L. ROGERS (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 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 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 Client 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. 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.

8. 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.

9. 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: _____

Gerry L. Rogers

Address:

EXHIBIT A TO EMPLOYMENT AGREEMENT

This Exhibit A is attached to and made a part of that certain Employment Agreement dated effective March 1, 2000, entered into by and between Sykes Enterprises, Incorporated (the "Company") and Gerry L. Rogers (the "Executive," which supercedes and replaces that certain Employment Agreement dated January 21, 1999 entered into by and between the Company and the Executive.

TERM:	Two (2) Years, commencing March 1, 2000.
BASE SALARY	\$3,728.02 per week
PERFORMANCE BONUS:	0% to 50% of annual Base Salary (See Attachment I)
FRINGE BENEFITS:	Standard fringe benefits for executives
TERM OF COVENANT	
NOT TO COMPETE:	12 months
NON-COMPETE PAYMENT:	\$1,800.00 per week for 52 weeks
LIQUIDATED DAMAGES	\$1,800.00 per week

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 ____ day of _____, 2000.

SYKES ENTERPRISES, INCORPORATED EXECUTIVE

By: _____

Exhibit 10.8

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 1st day of March, 2000, by and between SYKES ENTERPRISES, INCORPORATED, a Florida corporation (the "Company"), and JAMES E. LAMAR (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 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. 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.

8. 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.

9. 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:

EXHIBIT A TO EMPLOYMENT AGREEMENT

This Exhibit A is attached to and made a part of that certain Employment Agreement dated effective March 1, 2000, entered into by and between Sykes Enterprises, Incorporated (the "Company") and James E. Lamar (the "Executive," which supercedes and replaces that certain Employment Agreement dated April 20, 1999 entered into by and between the Company and the Executive.

TERM:	Two (2) Years, commencing March 1, 2000.
BASE SALARY	\$4,070.79 per week
PERFORMANCE BONUS:	0% to 50% of annual Base Salary (See Attachment I)
FRINGE BENEFITS:	Standard fringe benefits for executives
TERM OF COVENANT	
NOT TO COMPETE:	12 months
NON-COMPETE PAYMENT:	\$2,035.00 per week for 52 weeks
LIQUIDATED DAMAGES	\$2,035.00 per week

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 ____ day of _____, 2000.

SYKES ENTERPRISES, INCORPORATED EXECUTIVE

By: _____

Exhibit 10.9

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 1st day of March, 2000, by and between SYKES ENTERPRISES, INCORPORATED, a Florida corporation (the "Company"), and CHARLES E. SYKES (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 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 Client 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 Client 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. 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.

8. 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.

9. 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: _____

Charles E. Sykes

Address:

EXHIBIT A TO EMPLOYMENT AGREEMENT

This Exhibit A is attached to and made a part of that certain Employment Agreement dated effective March 1, 2000, entered into by and between Sykes Enterprises, Incorporated (the "Company") and Charles E. Sykes (the "Executive," which supercedes and replaces that certain Employment Agreement dated October 6, 1998 entered into by and between the Company and the Executive.

TERM:	Two (2) Years, commencing March 1, 2000.
BASE SALARY	\$2,752.98 per week
PERFORMANCE BONUS:	0% to 50% of annual Base Salary (See Attachment I)
FRINGE BENEFITS:	Standard fringe benefits for executives
TERM OF COVENANT	
NOT TO COMPETE:	12 months
NON-COMPETE PAYMENT:	\$1,350.00 per week for 52 weeks
LIQUIDATED DAMAGES	\$1,350.00 per week

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 ____ day of _____, 2000.

SYKES ENTERPRISES, INCORPORATED EXECUTIVE

By: _____

Exhibit 10.23

SYKES ENTERPRISES, INCORPORATED

2000 STOCK OPTION PLAN

TABLE OF CONTENTS

	Page

1. PURPOSE OF PLAN.....	2
2. EFFECTIVE DATE.....	2
3. DEFINITIONS.....	2
4. LIMITS ON OPTIONS.....	4
5. GRANTING OF OPTIONS.....	5
6. TERMS OF STOCK OPTIONS.....	5
7. EFFECT OF CHANGES IN CAPITALIZATION.....	7
8. DELIVERY AND PAYMENT FOR SHARES; REPLACEMENT OPTIONS.....	8
9. NO CONTINUATION OF EMPLOYMENT AND DISCLAIMER OF RIGHTS.....	9
10. ADMINISTRATION.....	9
11. NO RESERVATION OF SHARES.....	10
12. AMENDMENT OF PLAN.....	10
13. TERMINATION OF PLAN.....	11
14. LEGAL CONSTRUCTION.....	11

SYKES ENTERPRISES, INCORPORATED

2000 STOCK OPTION PLAN

1. PURPOSE OF PLAN

The purpose of this Plan is to enable Sykes Enterprises, Incorporated (the "Company") and its Subsidiaries to compete successfully in attracting, motivating and retaining Employees with outstanding abilities by making it possible for them to purchase Shares on terms that will give them a direct and continuing interest in the future success of the businesses of the Company and its Subsidiaries and encourage them to remain in the employ of the Company or one or more of its Subsidiaries. Each Option is intended to be an Incentive Stock Option, except to the extent that (a) any such Option would exceed the limitations set forth in Section 4.(c) hereof, and (b) for Options specifically designated at the time of grant as not being Incentive Stock Options.

2. EFFECTIVE DATE

The Plan shall become effective on March 2, 2000, subject to approval of the Plan by the Company's shareholders within twelve (12) months thereafter. The grant of any Options under the Plan prior to such shareholder approval shall be contingent upon such approval.

3. DEFINITIONS

For purposes of the Plan, except where the context clearly indicates otherwise, the following terms shall have the meanings set forth below:

(a) "Board" means the Board of Directors of the Company.

(b) "Change of Control" means (i) the adoption of a plan of reorganization, merger, share exchange or consolidation of the Company with one or more other corporations or other entities as a result of which the holders of the Shares as a group would receive less than fifty percent (50%) of the voting power of the capital stock or other interests of the surviving or resulting corporation or entity; (ii) the adoption of a plan of liquidation or the approval of the dissolution of the Company; (iii) the approval by the Board of an agreement providing for the sale or transfer (other than as a security for obligations of the Company or any Subsidiary) of substantially all of the assets of the Company, other than a sale or transfer to an entity at least seventy-five percent (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; or (iv) the acquisition of more than fifty percent (50%) of the outstanding Shares by any person within the meaning of Rule

13(d)(3) under the Exchange Act, if such acquisition is not preceded by a prior expression of approval by the Board, provided that the term "person" shall not include (A) the Company or any of its Subsidiaries, (B) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a Subsidiary, (C) an underwriter temporarily holding securities pursuant to an offering of such securities, or (D) a corporation owned directly or indirectly by the shareholders of the Company in substantially the same proportions as their ownership of stock in the Company.

(c) "Code" means the United States Internal Revenue Code of 1986, as amended, or any successor statute thereto.

(d) "Committee" means the Committee described in Section 9 hereof.

(e) "Employee" means a person who is regularly employed on a salary basis by the Company or any Subsidiary, including an officer or director of the Company or any Subsidiary who is also an employee of the Company or a Subsidiary.

(f) "Exchange Act" means the Securities Exchange Act of 1934, as amended, or any successor statute thereto.

(g) "Fair Market Value" means, with respect to a Share, if the Shares are then listed and traded on a registered national or regional securities exchange, or quoted on The National Association of Securities Dealers' Automated Quotation System (including The Nasdaq Stock Market's National Market), the average closing price of a Share on such exchange or quotation system for the five trading days immediately preceding the date of grant of an Option, or, if Fair Market Value is used herein in connection with any event other than the grant of an Option, then such average closing price for the five trading days immediately preceding the date of such event. If the Shares are not traded on a registered securities exchange or quoted in such a quotation system, the Committee shall determine the Fair Market Value of a Share.

(h) "Incentive Stock Option" means an option granted under this Plan and which is an incentive stock option within the meaning of section 422 of the Code, or the corresponding provision of any subsequently enacted tax statute.

(i) "Option" means an option granted under this Plan, whether or not such option is an Incentive Stock Option.

(j) "Optionee" means any person who has been granted an Option which Option has not expired or been fully exercised or surrendered.

(k) "Plan" means the Company's 2000 Stock Option Plan.

(l) "Rule 16b-3" means Rule 16b-3 promulgated pursuant to Section 16(b) of the Exchange Act, or any successor rule.

(m) "Share" means one share of voting common stock, par value \$.01 per share, of the Company, and such other stock or securities that may be substituted therefor pursuant to Section 6 hereof.

(n) "Subsidiary" means any "subsidiary corporation" within the meaning of Section 424(f) of the Code.

4. LIMITS ON OPTIONS

(a) The total number of Shares with respect to which Options may be granted under the Plan shall not exceed in the aggregate 4,000,000 Shares, subject to adjustment as provided in Section 7 hereof. If any Option expires, terminates or is terminated for any reason prior to its exercise in full, the Shares that were subject to the unexercised portion of such Option shall be available for future grants under the Plan. The Shares to be delivered under the Plan may consist in whole or in part of authorized but unissued Shares or treasury Shares.

(b) No Incentive Stock Option shall be granted to any Employee who at the time such Option is granted, owns capital stock of the Company possessing more than 10% of the total combined voting power or value of all classes of capital stock of the Company or any Subsidiary, determined in accordance with the provisions of Section 422(b)(6) and 424(d) of the Code, unless the option price at the time such Incentive Stock Option is granted is at least 110 percent (110%) of the Fair Market Value of the Shares subject to the Incentive Stock Option and such Incentive Stock Option is not exercisable by its terms after the expiration of five (5) years from the date of grant.

(c) An Incentive Stock Option shall be granted hereunder only to the extent that the aggregate Fair Market Value (determined at the time the Incentive Stock Option is granted) of the Shares with respect to which such Incentive Stock Option and any other "incentive stock option" (within the meaning of Section 422 of the Code) are exercisable for the first time by any Optionee during any calendar year (under the Plan and all other plans of the Optionee's employer corporation and its parent and subsidiary corporations within the meaning of Section 422(d) of the Code) does not exceed \$100,000. This limitation shall be applied by taking Incentive Stock Options and any such other "incentive stock options" into account in the order in which such Incentive Stock Options and any such other "incentive stock options" were granted.

(d) Except as otherwise determined by the Committee, no Optionee shall, in any calendar year, be granted Options to purchase more than 100,000 Shares. Options granted to the Optionee and cancelled during the same calendar year

shall continue to be counted against such maximum number of Shares. In the event that the number of Options which may be granted under the Plan is adjusted as provided in Section

7.(a), the above limit shall automatically be adjusted in the same ratio.

5. GRANTING OF OPTIONS

The Committee is authorized to grant Options to Employees selected by the Committee pursuant to the Plan beginning on the effective date. Subject to the provisions of the Plan, the Committee shall have exclusive authority to select the Employees to whom Options will be awarded under the Plan, to determine the number of Shares to be included in such Options, to determine the type of Option, and to determine such other terms and conditions of Options, including terms and conditions which may be necessary to qualify Incentive Stock Options as "incentive stock options" under Section 422 of the Code. The date on which the Committee approves the grant of an Option shall be considered the date on which such Option is granted, unless the Committee provides for a specific date of grant which is subsequent to the date of such approval.

6. TERMS OF STOCK OPTIONS

Subject to Section 4 hereof and except as otherwise determined by the Committee, the terms of Options granted under this Plan shall be as follows:

(a) The exercise price of each Share subject to an Option shall be fixed by the Committee. Notwithstanding the prior sentence, the option price of an Incentive Stock Option shall be fixed by the Committee but shall in no event be less than 100% of the Fair Market Value of the Shares subject to such Option.

(b) Options shall not be assignable or transferable by the Optionee other than by will or by the laws of descent and distribution except that the Optionee may, with the consent of the Committee, transfer without consideration Options that do not constitute Incentive Stock Options to the Optionee's spouse, children or grandchildren (or to one or more trusts for the benefit of any such family members or to one or more partnerships in which any such family members are the only partners). Except as provided herein, no Option, and no right under any such Option, may be pledged, alienated, attached, or otherwise encumbered, and any purported pledge, alienation, attachment, or encumbrance thereof shall be void and unenforceable against the Company.

(c) Each Option shall expire and all rights thereunder shall end at the expiration of such period (which shall not be more than ten (10) years) after the date on which it was granted as shall be fixed by the Committee, subject in all cases to earlier expiration as provided in subsections (d) and (e) of this Section 6.

(d) During the life of an Optionee, an Option shall be exercisable only by such Optionee (or Optionee's permitted assignee in the case of Options that do not constitute Incentive Stock Options) and only within one (1) month after the termination of the Optionee's employment with the Company or a Subsidiary, other than by reason of the Optionee's death, permanent disability or retirement with the consent of the Company or a Subsidiary as provided in subsection (e) of this Section 6, but only if and to the extent the Option was exercisable immediately prior to such termination, and subject to the provisions of subsection (c) of this Section

6. If the Optionee's employment is terminated for cause, or the Optionee terminates his employment with the Company, all Options theretofore granted and 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 Optionee and the Company or any of its Subsidiaries, or if the Optionee does not have any employment agreement, cause shall mean (i) if the Optionee engages in conduct which has caused, or is reasonably likely to cause, demonstrable and serious injury to the Company, (ii) the material negligence of, or failure to perform, the Optionee's duties to the Company or (iii) if the Optionee is convicted of a felony or a misdemeanor which substantially impairs the Optionee's ability to perform his or her duties to the Company.

(e) If an Optionee: (i) dies while employed by the Company or a Subsidiary or within the period when an Option could have otherwise been exercised by the Optionee; (ii) terminates employment with the Company or a Subsidiary by reason of the "permanent and total disability" (within the meaning of

Section 22(e)(3) of the Code) of such Optionee; or (iii) terminates employment with the Company or a Subsidiary as a result of such Optionee's retirement, provided that the Company or such Subsidiary has consented in writing to such Optionee's retirement, then, in each such case, such Optionee, or the duly authorized representatives of such Optionee (or Optionee's permitted assignee in the case of Options that do not constitute Incentive Stock Options), shall have the right, at any time within three (3) months after the death, disability or retirement of the Optionee, as the case may be, and prior to the termination of the Option pursuant to subsection (c) of this Section 6, to exercise any Option to the extent such Option was exercisable by the Optionee immediately prior to such Optionee's death, disability or retirement. In the discretion of the Committee, the three-month period referenced in the immediately preceding sentence may be extended for a period of up to one year.

(f) Subject to the foregoing terms and to such additional terms regarding the exercise of an Option as the Committee may fix at the time of grant, an Option may be exercised in whole at one time or in part from time to time.

(g) Options granted pursuant to the Plan shall be evidenced by an agreement in writing setting forth the material terms and conditions of the grant, including,

but not limited to, the number of Shares subject to options. Option agreements covering Options need not contain similar provisions; provided, however, that all such option agreements shall comply with the terms of the Plan. No person shall have any rights under any Option granted under the Plan unless and until the Company and the Optionee to whom such Option shall have been granted shall have executed and delivered an option agreement. If there is any conflict between the provisions of an option agreement and the terms of the Plan, the terms of the Plan shall control.

(h) The Committee is authorized to modify, amend or waive any conditions or other restrictions with respect to Options, including conditions regarding the exercise of Options.

7. EFFECT OF CHANGES IN CAPITALIZATION

(a) If the number of outstanding Shares is increased or decreased or changed into or exchanged for a different number or kind of shares or other securities of the Company by reason of any recapitalization, reclassification, stock split, combination of shares, exchange of shares, stock dividend or other distribution payable in capital stock, or other increase or decrease in such shares effected without receipt of consideration by the Company, a proportionate and appropriate adjustment shall be made by the Committee in (i) the aggregate number of Shares subject to the Plan, (ii) the maximum number of Shares for which Options may be granted to any Employee during any calendar year, and (iii) the number and kind of shares for which Options are outstanding, so that the proportionate interest of the Optionee immediately following such event shall, to the extent practicable, be the same as immediately prior to such event. Any such adjustment in outstanding Options shall not change the aggregate option price payable with respect to Shares subject to the unexercised portion of the Options outstanding but shall include a corresponding proportionate adjustment in the option price per Share.

(b) Subject to Section 7.(c) hereof, if the Company shall be the surviving corporation in any reorganization, merger, share exchange or consolidation of the Company with one or more other corporations or other entities, any Option theretofore granted shall pertain to and apply to the securities to which a holder of the number of Shares subject to such Option would have been entitled immediately following such reorganization, merger, share exchange or consolidation, with a corresponding proportionate adjustment of the option price per Share so that the aggregate option price thereafter shall be the same as the aggregate option price of the Shares remaining subject to the Option immediately prior to such reorganization, merger, share exchange or consolidation.

(c) In the event of a Change of Control, any Option granted hereunder shall become immediately exercisable in full, subject to any appropriate adjustments in the number of Shares subject to such Option and the option price, regardless of any provision contained in the Plan or any option agreement with respect thereto limiting the exercisability of the Option for any length of time. Notwithstanding the foregoing, if a successor corporation or other entity as contemplated in clause (i) or (ii) of Section

3.(b) agrees to assume the outstanding Options or to substitute substantially equivalent options, then the outstanding Options issued hereunder shall not be immediately exercisable, but shall remain exercisable in accordance with the terms of the Plan and the applicable stock option agreements.

(d) Adjustments under this Section 7 relating to Shares or securities of the Company shall be made by the Committee, whose determination in that respect shall be final and conclusive. Options subject to grant or previously granted under the Plan at the time of any event described in this

Section 7 shall be subject to only such adjustments as shall be necessary to maintain the proportionate interest of the options and preserve, without exceeding, the value of such options. No fractional Shares or units of other securities shall be issued pursuant to any such adjustment, and any fractions resulting from any such adjustment shall be eliminated in each case by rounding upward to the nearest whole Share.

(e) The grant of an Option pursuant to the Plan shall not affect or limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge, consolidate, dissolve or liquidate, or to sell or transfer all or any part of its business or assets.

8. DELIVERY AND PAYMENT FOR SHARES; REPLACEMENT OPTIONS

(a) No Shares shall be delivered upon the exercise of an Option until the option price for the Shares acquired has been paid in full. No Shares shall be issued or transferred under the Plan unless and until all legal requirements applicable to the issuance or transfer of such Shares have been complied with to the satisfaction of the Committee and adequate provision has been made by the Optionee for satisfying any applicable federal, state or local income or other taxes incurred by reason of the exercise of the Option. Any Shares issued by the Company to an Optionee upon exercise of an Option may be made only in strict compliance with and in accordance with applicable state and federal securities laws.

(b) Payment of the option price for the Shares purchased pursuant to the exercise of an Option and of any applicable withholding taxes shall be made, as determined by the Committee and set forth in the option agreement pertaining to such

Option: (i) in cash or by check payable to the order of the Company; (ii) through the tender to the Company of Shares, which Shares shall be valued, for purposes of determining the extent to which the option price has been paid thereby, at their Fair Market Value on the date of exercise; or (iii) by a combination of the methods described in (a) and (b) hereof; provided, however, that the Committee may in its discretion impose and set forth in the option agreement pertaining to an Option such limitations or prohibitions on the use of Shares to exercise Options as it deems appropriate. The Committee also may authorize payment in accordance with a cashless exercise program under which, if so instructed by the Optionee, Shares may be issued directly to the Optionee's broker upon receipt of the option price in cash from the broker.

(c) To the extent that the payment of the exercise price for the Shares purchased pursuant to the exercise of an Option is made with Shares as provided in Section 8.(b) hereof, then, at the discretion of the Committee, the Optionee may be granted a replacement Option under the Plan to purchase a number of Shares equal to the number of Shares tendered as permitted in Section 8.(b) hereof, with an exercise price per Share equal to the Fair Market Value on the date of grant of such replacement Option and with a term extending to the expiration date of the original Option.

9. NO CONTINUATION OF EMPLOYMENT AND DISCLAIMER OF RIGHTS

No provision in the Plan or in any Option granted or option agreement entered into pursuant to the Plan shall be construed to confer upon any individual the right to remain in the employ of the Company or any Subsidiary, or to interfere in any way with the right and authority of the Company or any Subsidiary either to increase or decrease the compensation of any individual at any time, or to terminate any employment or other relationship between any individual and the Company or any Subsidiary. The Plan shall in no way be interpreted to require the Company to transfer any amounts to a third party trustee or otherwise hold any amounts in trust or escrow for payment to any Optionee or beneficiary under the terms of the Plan. An Optionee shall have none of the rights of a shareholder of the Company until all or some of the Shares covered by an Option are fully paid and issued to such Optionee.

10. ADMINISTRATION

(a) The Plan is intended to comply with Rule 16b-3 and Code Section 162(m). Subject to the provisions of subsection (b) of this Section 9, the Plan shall be administered by the Committee which shall interpret the Plan and any option agreements, and make all other determinations necessary or advisable for the Plan's administration, including such rules and regulations and procedures as it deems appropriate. The Committee shall consist of not fewer than two members of the Board each of whom shall qualify (at the time of appointment to the Committee and during all periods of service on the Committee) in all respects as a "non-employee director" as defined in Rule 16b-3 and as an

outside director as defined in Section 162(m) of the Code and regulations thereunder. In the event of a disagreement as to the interpretation of the Plan or any amendment hereto, any option agreement or any rule, regulation or procedure hereunder or as to any right or obligation arising from or related to the Plan or any option agreement, the decision of the Committee shall be final and binding upon all persons in interest, including the Company, the Optionee and the Company's shareholders. If at any time the Committee shall not be in existence, the Plan shall be administered by the Board and all references to the Committee herein shall be deemed to include the Board.

(b) To the extent permitted by applicable law, the Committee may delegate to one or more senior officers of the Company any or all of the authority and responsibility of the Committee with respect to the Plan, other than with respect to Optionees who are subject to Section 16 of the Exchange Act. To the extent that the Committee has delegated to one or more officers the authority and responsibility of the Committee, all references to the Committee herein shall include such one or more officers.

(c) No member of the Committee or the Board, or any officer to whom any authority or responsibility of the Committee has been delegated, shall be liable for any action taken or decision made, or any failure to take any action, in good faith with respect to the Plan or any Option granted or option agreement entered into hereunder.

11. NO RESERVATION OF SHARES

The Company shall be under no obligation to reserve or to retain in its treasury any particular number of Shares in connection with its obligations hereunder.

12. AMENDMENT OF PLAN

The Board, without further action by the shareholders, may amend this Plan from time to time as it deems desirable and shall make any amendments which may be required so that Options intended to be Incentive Stock Options shall at all times continue to be Incentive Stock Options for purpose of the Code; provided, however, that no amendment shall be made without shareholder approval if such approval would be required to comply with Rule 16b-3 or the Code.

13. TERMINATION OF PLAN

This Plan shall terminate on March 2, 2010. The Board may, in its discretion, suspend or terminate the Plan at any time prior to such date, but such termination or suspension shall not adversely affect any right or obligation with respect to any outstanding Option. Notwithstanding the foregoing, to the extent set forth in the Plan, the authority of the Committee to administer the Plan and option agreements, to amend any provision of an option agreement and to waive any conditions or restrictions of any Option, and the authority of the Board to amend the Plan, shall survive the termination of the Plan.

14. LEGAL CONSTRUCTION

(a) Requirements of Law. The granting of Options under the Plan and the issuance of Shares in connection with an Option shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(b) Governing Law. The Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the State of Florida.

(c) Severability. If any provision of the Plan or any option agreement or any Option (i) is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction, or as to any person or award, or (ii) would disqualify the Plan, any option agreement or any Option under any law deemed applicable by the Committee, then such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan, any option agreement or the Option, such provision shall be stricken as to such jurisdiction, person or Option, and the remainder of the Plan, any such option agreement and any such Option shall remain in full force and effect.

Exhibit 13.1

Selected Financial Data

The following selected financial data has been derived from the Company's consolidated financial statements. The information below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the Company's Consolidated Financial Statements and related notes.

	Year Ended December 31, 1995	Year Ended December 31, 1996	Year Ended December 31, 1997	Year Ended December 31, 1998	Year Ended December 31, 1999
(In thousands, except per share data)					
INCOME STATEMENT DATA:					
Revenues	\$197,334	\$248,699	\$351,593	\$469,462	\$575,040
Income from operations	9,527	21,611	24,392	42,031	39,484
Net income	3,531	11,685	7,631	8,278	22,031
PER SHARE DATA:					
Basic	\$0.09	\$0.32	\$0.19	\$0.20	\$0.52
Diluted	\$0.09	\$0.31	\$0.18	\$0.20	\$0.51
PRO FORMA INCOME STATEMENT DATA:					
Revenues	\$197,334	\$248,699	\$351,593	\$469,462	\$575,040
Income from operations (1)(2)(3)	9,527	21,611	36,605	58,378	45,462
Net income (3)(4)(5)	3,531	11,685	23,877	35,824	25,696
PRO FORMA PER SHARE DATA: (1)(2)(3)(4)(5)(6)					
Basic	\$0.09	\$0.32	\$0.58	\$0.87	\$0.61
Diluted	\$0.09	\$0.31	\$0.56	\$0.85	\$0.60
(In thousands)					
BALANCE SHEET DATA:					
Working capital	\$ 8,138	\$116,687	\$116,661	\$ 85,204	\$ 94,544
Total assets	72,108	238,318	268,197	365,134	427,586
Long-term debt, less current installments	9,584	8,571	35,990	75,448	80,053
Shareholders' equity	20,436	147,402	152,560	164,937	201,352

(1) The balance for 1997 is exclusive of approximately \$12.2 million of charges associated with the impairment of long-lived assets pursuant to Statement of Financial Accounting Standards ("SFAS") No. 121 and one-time merger and related charges associated with an acquisition.

(2) The balance for 1998 is exclusive of approximately \$0.5 million of expense associated with accrued severance costs, approximately \$1.4 million of one-time merger and related charges associated with acquisitions and approximately \$14.5 million of acquisition related in-process research and development costs.

(3) The balance for 1999 is exclusive of approximately \$6.0 million of charges associated with the impairment of long-lived assets pursuant to SFAS No. 121.

(4) The balance for 1997 is exclusive of approximately \$2.8 million of expense associated with acquisition related in-process research and development costs incurred by a joint venture entity, approximately \$1.2 million of one-time merger and related charges associated with an acquisition and approximately \$12.2 million of one-time charges as identified in Item (1) above.

(5) The balance for 1998 is exclusive of approximately \$3.9 million of acquisition related in-process research and development costs incurred by a joint venture entity, approximately \$7.3 million of charges associated with the write-down of marketable securities, and approximately \$16.4 million of one-time charges as identified in Item (2) above.

(6) Adjusted as if an affiliate of the Company included in the consolidated financial statements, which was a S corporation for federal income tax purposes, were subject to income taxes for all periods presented, based on the tax laws in effect during the respective periods.

MARKET SHAREHOLDER DATA

Sykes common stock has been quoted on the NASDAQ National Market under the symbol SYKE since Sykes' initial public offering in April 1996. The following table sets forth, for the periods indicated, certain information as to the high and low sale prices per share of Sykes common stock as quoted on the NASDAQ National Market.

Year ending December 31, 1999:	High	Low
First Quarter	\$32.875	\$24.250
Second Quarter	34.750	20.438
Third Quarter	33.750	21.625
Fourth Quarter	51.500	22.750
Year ending December 31, 1998:	High	Low
First Quarter	\$25.250	\$17.000
Second Quarter	22.500	17.125
Third Quarter	20.750	12.563
Fourth Quarter	30.500	13.500

Holders of Sykes common stock are entitled to receive dividends out of the funds legally available when and if declared by the Board of Directors. Sykes has not declared or paid any cash dividends on its common stock in the past. Sykes currently anticipates that all of its earnings will be retained for development and expansion of the Company's business and does not anticipate paying any cash dividends in the foreseeable future.

As of March 9, 2000, the last sale price of the registrant's common stock was \$20.75 on the NASDAQ National Market, and there were approximately 245 holders of record of the common stock. The Company believes that there are approximately 10,000 beneficial owners of its common stock.

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

The following should be read in conjunction with the Consolidated Financial Statements, including the notes thereto. The following discussion compares the year ended December 31, 1999 ("1999") to the year ended December 31, 1998 ("1998"), and 1998 to the year ended December 31, 1997 ("1997"). The following discussion and analysis and other sections of this report contain 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 and in the Company's Form 10-K for the year ended December 31, 1999 in Item 1 in the section entitled "Factors Influencing Future Results And Accuracy Of Forward-Looking Statements."

OVERVIEW

The Company derives its revenue from providing information technology support services, information technology development services and solutions, on-line clinical managed care services, medical protocol products, employee benefit administration and support services, and e-commerce services. Revenue from technical support services provided through the technical support centers are recognized as services are rendered. These services are billed on an amount per e-mail, a fee per call, a rate per minute or on a time and material basis. Information technology development services and solutions, including e-commerce consulting, web-design and maintenance, usually are billed on a time and material basis, generally by the hour, and revenues generally are recognized as the services are provided. Revenues from on-line clinical managed care services are generated on a per participant, per month rate basis. Revenues from medical protocol products are generated from the use of such software products and from support and consulting services. Revenues from employee benefit administration and support services are primarily derived from (i) a recurring monthly fee per eligible employee or participant; (ii) a one-time implementation fee to cover programming costs; (iii) a COBRA administration fee of 2% of the participant's premium, as allowed under COBRA regulations; and (iv) fees for interactive voice response services, optical character recognition services, distribution services and other ancillary services on a per job or per item basis. Revenue is recognized from licenses of the Company's software products and contractually provided rights when the agreement has been executed, the product or right has been delivered or provided, collectibility is probable and the software license fees or rights are fixed and determinable. E-commerce distribution services are generally billed on a per unit basis. Revenues from fixed price contracts, generally with terms of less than one year, are recognized using the percentage-of-completion method. A significant majority of the Company's revenue is derived from non-fixed price contracts. The Company has not experienced material losses due to fixed price contracts and does not anticipate a significant increase in revenue derived from such contracts in the future.

Direct salaries and related costs include direct personnel compensation, statutory and other benefits associated with such personnel and other direct costs associated with providing services to customers. General and administrative expenses include administrative, sales and marketing, occupancy, depreciation and amortization, and other indirect costs.

Other expense consists primarily of interest expense, net of interest income and foreign currency transaction gains and losses. Foreign currency transaction gains and losses generally result from exchange rate fluctuations on intercompany transactions. During 1997, the Company entered into a joint venture and the results of this entity are included in the other income (expense) section of the Consolidated Statements of Income for the time period the entity operated as a 50% joint venture. Effective September 1, 1998, the Company acquired the remaining portion of this joint venture.

Grants from local or state governments for the acquisition of property and equipment are deferred and recognized as income over the corresponding useful lives of the related property and equipment. Deferred property and equipment grants, net of amortization, totaled \$15.4 million and \$21.2 million at December 31, 1998 and 1999, respectively. Grants received in excess of property and equipment costs are recognized in the year executed, and that amount approximated \$1.3 million and \$2.5 million for the years ended December 31, 1998 and 1999, respectively (none for 1997).

The Company's effective tax rate for the periods presented reflects the effects of foreign taxes, net of foreign income not taxed in the United States, nondeductible expenses for income tax purposes and a provision for potential additional income tax liability resulting from an Internal Revenue Service examination currently being conducted. The Company believes its reserves for any liability that may result from this examination are adequate.

RESULTS OF OPERATIONS

The following table sets forth for the periods indicated the percentage of revenues represented by certain items reflected in the Company's statements of income:

	YEAR ENDED DECEMBER 31, 1997	YEAR ENDED DECEMBER 31, 1998	YEAR ENDED DECEMBER 31, 1999
PERCENTAGES OF REVENUES:			
Revenues	100.0%	100.0%	100.0%
Direct salaries and related costs	62.5	61.7	64.7
General and administrative (1)(2)(3)	30.6	26.2	28.4
Acquired in-process research and development (4)	--	3.1	--
Income from operations	6.9	9.0	6.9
Other expense (5)(6)	1.0	2.6	0.6
Income before provision for income taxes	5.9	6.4	6.3
Provision for income taxes	3.7	4.6	2.5
Net income (1)(2)(3)(4)(5)(6)	2.2%	1.8%	3.8%

(1) Includes charges associated with the impairment of long-lived assets pursuant to SFAS No. 121 and one-time merger and related charges of 3.5% related to an acquisition completed in 1997.

(2) Includes charges associated with accrued severance pay and one-time merger and related charges of 0.4% related to the acquisitions completed in 1998.

(3) Includes charges associated with the impairment of long-lived assets pursuant to SFAS No. 121 of 1.0% in 1999.

(4) Includes expense associated with the write-off of acquisition related in-process research and development costs of 3.1% related to the Company's original ownership and subsequent acquisition of the remaining outstanding shares of SHPS, Incorporated ("SHPS").

(5) Includes expense associated with the write-off of acquisition related, in-process research and development costs of 0.8% related to acquisitions completed by SHPS in 1997 and 1998.

(6) Includes expense associated with the write-down of marketable securities of 1.6% in 1998.

1999 COMPARED TO 1998

Revenues. Revenues increased \$105.5 million, or 22.5%, to \$575.0 million in 1999 from \$469.5 million in 1998. These results reflect an increase in revenues of \$138.2 million from information technology support services provided through technical support centers, an increase in revenues of \$3.9 million from e-commerce distribution services, and a decrease in revenues of \$36.6 million from information technology services and solutions. At the completion of 1999, information technology support services, information technology services and solutions, and e-commerce distribution services accounted for 73.9%, 9.6% and 16.5%, respectively, of the Company's consolidated revenues, as compared to 61.2%, 19.8% and 19.0%, respectively in 1998.

The increase in information technology support services revenues was primarily attributable to an increase in the number of technical support centers providing services throughout the period and the resultant increase in e-mail requests and call volumes from clients, and the inclusion of SHPS' revenue generated for the entire year. The new technical support centers were required as a result of continued growth of technical support services from both e-commerce and traditional telephone support services. During 1999, the Company opened three domestic and four international technical support centers, significantly expanded an additional four international centers and announced the construction of an additional five domestic centers. The increase in e-commerce distribution services revenue was also attributable to the Company's e-commerce initiatives. The decrease in revenues for information technology services and solutions was attributable to a decline in hours billed to customers for consulting services, partially offset by an increase in the average bill rate, the sale of the Company's Manufacturing and Distribution operation, and to a decline in language translation and localization services due to a delay in the commencement of certain projects when compared to the prior period.

Direct Salaries and Related Costs. Direct salaries and related costs increased \$82.1 million, or 28.3%, to \$371.9 million in 1999 from \$289.8 million in 1998. As a percentage of revenues, direct salaries and related costs increased to 64.7% in 1999 from 61.7% in the comparable 1998 year. The increase in both the dollar amount and percentage of direct salaries and related costs as a percentage of revenue was primarily attributable to the addition of personnel to support revenue growth and associated employee benefit and training costs.

General and Administrative. General and administrative expenses increased \$40.5 million, or 32.9%, to \$163.6 million in 1999, inclusive of a \$6.0 million one-time charge associated with the impairment of long-lived assets pursuant to SFAS No. 121. As a percentage of revenues and inclusive of the one-time charge, general and administrative expenses increased to 28.5% in 1999 from 26.2% in 1998. The increase in the amount of general and administrative expenses was primarily attributable to a \$17.7 million increase in salaries and benefits, a \$9.6 million increase in depreciation expenses associated with facility and capital equipment expenditures incurred in connection with the integration and expansion of the Company's technical support and e-commerce services, the \$6.0 million one-time charge associated with the impairment of long-lived assets pursuant to SFAS No. 121, and to a \$4.3 million increase in amortization expense, primarily associated with goodwill incurred as part of the SHPS acquisition. General and administrative expenses, exclusive of the \$6.0 million charge associated with the impairment of long-lived assets pursuant to SFAS No. 121, increased \$34.5 million, or 28.0%, to \$157.6 million in 1999, or 27.4% of revenue.

As part of the original ownership and subsequent acquisition of the remaining outstanding shares of SHPS, the Company determined that the technical feasibility of SHPS' in-process technology had not been established and a portion of the technology had no alternative use. Therefore, the Company recorded a charge of approximately \$14.5 million related to the write-off of the acquired in-process research and development during 1998.

Other Expense. Other expense was \$3.5 million during 1999 compared to \$12.3 million during 1998. The other expense balance for 1998 is inclusive of a \$3.9 million loss from joint venture and a \$7.3 million write-down of a marketable security. The net loss from the joint venture was attributable to acquisition-related in-process research and development costs associated with acquisitions completed by the joint venture, which were recorded as other expense. The increase in other expense for 1999 exclusive of the loss from joint venture and the write-down of a marketable security was primarily attributable to an increase in the Company's debt position as a result of the acquisition of SHPS completed during 1998.

Income Taxes. The provision for income taxes decreased \$7.5 million, or 35.1%, to \$13.9 million during 1999 from \$21.5 million during 1998. As a percentage of revenues, the provision for income taxes decreased to 2.4% from 4.6% for the comparable period in 1998. The dollar decrease was attributable to a lower amount of income before income taxes, exclusive of one-time charges. Sykes' effective tax rate decreased to 38.7% during 1999, versus 72.2% for 1998. The effective tax rate for 1998 was effected by approximately \$14.5 million of non-deductible charges associated with the write-off of in-process research and development costs.

Net Income. As a result of the foregoing, net income inclusive of the one-time charge identified above increased to \$22.0 million in 1999 from \$8.3 million in 1998. Net income for 1999, exclusive of the \$6.0 million charge associated with the impairment of long-lived assets pursuant to SFAS No. 121 would have been \$25.7 million.

1998 COMPARED TO 1997

Revenues. Revenues increased \$117.9 million, or 33.5%, to \$469.5 million in 1998 from \$351.6 million in 1997. These results reflect an increase in revenues of \$106.2 million from technical support services provided through technical support centers, an increase in revenues of \$7.9 million from information technology services and solutions, and an increase in revenues of \$3.8 million from customer product services. At the completion of 1998, information technology support services, information technology services and solutions, and customer product services accounted for 61.2%, 19.8%, and 19.0%, respectively, of the Company's consolidated revenues, as compared to 51.5%, 24.2% and 24.3%, respectively, in 1997.

The increase in information technology support services revenues was primarily attributable to an increase in the number of technical support centers providing services throughout the period and the resultant increase in call volumes from clients, and the inclusion of SHPS' revenue generated since the date of acquisition. During 1997, the Company opened three new technical support centers which were fully operational throughout 1998 and opened two additional centers in 1998. The increase in revenues for information technology services and solutions was primarily attributable to an increase in the average bill rate and to an increase in hours billed to customers for professional services when compared to 1997. The increase in e-commerce distribution services revenue is primarily associated with an acquisition completed in 1997 by a company subsequently acquired by Sykes which was accounted for under the purchase method of accounting. Sykes acquired this entity in the fourth quarter of 1997 through a transaction accounted for as a pooling-of-interests.

Direct Salaries and Related Costs. Direct salaries and related costs increased \$70.2 million, or 32.0%, to \$289.8 million in 1998 from \$219.6 million in 1997. As a percentage of revenues, direct salaries and related costs decreased to 61.7% in 1998 from 62.5% in the comparable 1997 year. The increase in the amount of direct salaries and related costs was primarily attributable to the addition of personnel to support revenue growth. The decrease as a percentage of revenue resulted from economies of scale associated with spreading costs over a larger revenue base and the continued change in the Company's mix of business reflecting the growth of technical support services as a percentage of consolidated results.

General and Administrative. General and administrative expenses increased \$25.9 million, or 26.7%, to \$123.2 million in 1998, inclusive of special one-time charges, from \$97.2 million in 1997. As a percentage of revenues, and inclusive of special one-time charges, general and administrative expenses decreased to 26.2% in 1998 from 27.7% in the comparable 1997 year. The increase in the amount of general and administrative expenses was attributable to the addition of personnel to support the revenue growth. General and administrative expenses exclusive of \$1.9 million of charges associated with accrued severance costs and one-time merger and related charges associated with the Company's acquisitions, increased \$24.1 million, or 24.8%, to \$121.3 million, or 25.8% of revenue. The decrease as a percentage of revenues resulted from economies of scale associated with spreading costs over a larger revenue base.

As part of the original ownership and subsequent acquisition of the remaining outstanding shares of SHPS, the Company determined that the technical feasibility of SHPS' in-process technology had not been established and a portion of the technology had no alternative use. Therefore, the Company recorded a charge of approximately \$14.5 million related to the write-off of the acquired in-process research and development during 1998.

Other Income (Expense). Other expense increased to \$12.3 million during 1998 from \$3.6 million during 1997. As a percentage of revenues, other expense was 2.6% in 1998 compared to 1.0% in 1997. The increase in other expense was primarily attributable to approximately \$7.3 million of charges associated with the write-down of marketable securities and an increase in the Company's debt position as a result of the acquisition of SHPS completed during 1998.

Income Taxes. The provision for income taxes increased \$8.3 million, or 63.0%, to \$21.5 million during 1998 from \$13.2 million during 1997, and increased as a percentage of revenues to 4.6% from 3.7%, respectively. This increase was attributable to the increase of income before income taxes and to an increase in income before income taxes as a percentage of revenues. However, the Company's effective tax rate increased to 72.2% during 1998 versus 63.3% for 1997, primarily as a result of nondeductible expenses which consisted primarily of goodwill amortization and the write-off of in-process research and development costs.

Net Income. As a result of the foregoing, net income inclusive of special one-time charges increased to \$8.3 million in 1998 from \$7.6 million in 1997. Net income for 1998 exclusive of the \$1.9 million of one-time merger and related charges, exclusive of \$7.3 million of charges associated with the write-down of marketable securities, exclusive of the \$14.5 million associated with the acquisition and subsequent write-off of in-process research and development and exclusive of the \$3.8 million of acquired in-process research and development charges incurred by the joint venture entity would have been \$35.8 million.

QUARTERLY RESULTS

The following information presents unaudited quarterly operating results for the Company for 1998 and 1999. The data has been prepared by the Company on a basis consistent with the Consolidated Financial Statements included elsewhere in this Form 10-K, and include all adjustments, consisting of normal recurring accruals, that the Company considers necessary for a fair presentation thereof. The quarterly operating results for the quarter ended June 30, 1999 and the quarter ended September 30, 1999 have been restated to reflect the adjustment of revenue recognized related to the licensing of software under two arrangements to periods subsequent to 1999. These operating results are not necessarily indicative of the Company's future performance.

(In thousands, except per share data)

	3/31/98	6/30/98	9/30/98	12/31/98	3/31/99	6/30/99	9/30/99	12/31/99
Revenues	\$98,088	\$110,667	\$118,316	\$142,391	\$136,378	\$134,108	\$140,967	\$163,588
Direct salaries and related costs	61,160	68,768	72,806	87,068	83,247	88,938	92,523	107,227
General and administrative (2)(3)(4)	26,319	28,789	31,316	36,736	36,277	37,767	40,350	49,229
Acquired in-process research and development (2)	--	--	14,469	--	--	--	--	--
Income from operations	10,609	13,110	(275)	18,587	16,854	7,403	8,094	7,132
Other expense (1)(5)	(3,839)	188	(504)	(8,115)	(575)	(863)	(987)	(1,092)
Income before income taxes (1)(2)(3)	6,770	13,298	(779)	10,472	16,279	6,540	7,107	6,040
Provision for income taxes	3,867	4,997	5,333	7,286	6,300	2,531	2,761	2,344
Net income (loss) (1)(2)(3)(4)(5)	\$2,903	\$ 8,301	\$ (6,112)	\$ 3,186	\$ 9,979	\$ 4,009	\$ 4,347	\$ 3,696
Net income (loss) per diluted share (1)(2)(3)(4)(5)	\$ 0.07	\$ 0.20	\$ (0.15)	\$ 0.07	\$ 0.23	\$ 0.09	\$ 0.10	\$ 0.09
Total diluted shares	42,219	42,220	41,337	42,497	42,824	43,097	43,032	43,063

(1) The quarter ended March 31, 1998, includes approximately \$3.8 million of expense associated with the write-off of acquisition related in-process research and development by the joint venture entity. Exclusive of such charge, income before income taxes, net income, and net income per diluted share would have been approximately \$10.6 million, \$6.8 million and \$0.16, respectively. The Company adjusted the amount originally allocated to loss from joint venture to reflect the new methodology set forth in the September 15, 1998 letter from the SEC Staff to the American Institute of Certified Public Accountants ("AICPA") regarding acquired in-process research and development.

(2) The quarter ended September 30, 1998, includes approximately \$0.5 million of expense associated with accrued severance costs and approximately \$14.5 million of expense associated with the write-off of acquisition related in-process research and development cost. Exclusive of such charges, income from operations, income before income taxes, net income, and net income per diluted share would have been approximately \$14.6 million, \$14.1 million, \$8.8 million and \$0.21, respectively. The Company adjusted the amounts originally allocated to acquired in-process research and development to reflect the new methodology set forth in the September 15, 1998 letter from the SEC Staff to the AICPA.

(3) The quarter ended December 31, 1998, includes approximately \$1.4 million of one-time merger and related charges associated with acquisitions. Exclusive of such charge and the expense referenced in (5) below, income from operations, income before income taxes, net income, and net income per diluted share would have been approximately \$20.0 million, \$19.2 million, \$11.9 million and \$0.28, respectively.

(4) The quarter ended December 31, 1999, includes approximately \$6.0 million of charges associated with the write-down of software and computer equipment.

(5) The quarter ended December 31, 1998, includes approximately \$7.3 million of charges associated with the write-down of marketable securities.

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 support services as identified above, to repay debt associated with entities it has acquired, to acquire interest in and provide capitalization to its entry into the healthcare service industry, invest in technology applications and tools to further and transition the Company's service offerings and for working capital and general corporate purposes. In addition, the Company intends similar uses of any such funds, including possible additional acquisitions. Pending such use, the Company will invest the balance of its available funds in short-term, investment grade securities or money market instruments.

During 1999, the Company generated approximately \$51.3 million in cash, net from operating activities. The combination of these funds with the \$11.1 million received from the issuance of common stock, \$7.7 million received from grants associated with the construction of domestic technical support centers and available cash and cash equivalents, were used in 1999 to fund \$66.7 million of capital expenditures and \$8.3 million in acquisitions. The capital equipment expenditures were predominantly the result of the Company's enhancement of its e-commerce initiatives including the integration of its e-commerce distribution centers with its technical support centers. In addition, the Company enhanced its support systems associated with SHPS and continued expansion, both domestically and internationally, in providing technical product support services. During 1999, the Company constructed three domestic technical support centers and funded the expansion and enhancing of the technology base from which services are provided. Internationally, the Company opened four new technical support centers, expanded four other call centers and also enhanced its technology base. As a result of the Company's expansion and continued integration of its acquisitions, it is anticipated that capital expenditures for the year 2000 will approximate \$48.0 million.

During 1999, the Company completed three business acquisitions for the aggregate purchase price of approximately \$8.4 million and 11,594 shares of the Company's common stock. These business combinations were accounted for using the purchase method of accounting. In the aggregate, these acquisitions established the Company's geographical presence in Central America, and expanded the vertical market service offerings that the Company provides.

During February and March 2000, the Company acquired 935,000 shares of its common stock for approximately \$15.1 million. The repurchase of these shares was in connection with a stock repurchase program announced in February 2000, in which up to 1.0 million shares of the Company's common stock may be acquired in the open market. The purpose of the stock repurchase program is to enhance shareholder value.

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

QUANTITATIVE AND QUALITATIVE DISCLOSURE

The Company's earnings and cash flow are subject to fluctuations due to changes in foreign currency exchange rates. Movements in foreign 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 foreign exchange derivative instruments to manage its exposure to changes in foreign currency exchange rates. The Company is also exposed to changes in interest rates primarily from its long-term debt arrangements. Under its current policy, the Company does not use interest rate derivative instruments to manage exposure to interest rate changes.

IMPACT OF YEAR 2000

In prior years, 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' expensed approximately \$0.8 million during 1999 in connection with remediating its systems. Sykes' is not aware of any material problems resulting from Year 2000 issues, either with its products and services, its internal systems, or the products and 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.

REPORT OF INDEPENDENT AUDITORS

Board of Directors and Stockholders
Sykes Enterprises, Incorporated

We have audited the accompanying consolidated balance sheets of Sykes Enterprises, Incorporated as of December 31, 1998 and 1999, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sykes Enterprises, Incorporated as of December 31, 1998 and 1999, and the consolidated results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

Tampa, Florida
February 7, 2000

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of Sykes Enterprises, Incorporated

We have audited the consolidated statements of income, changes in shareholders' equity and cash flows of Sykes Enterprises, Incorporated and subsidiaries for the year ended December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated consolidated results of operations and cash flows of Sykes Enterprises, Incorporated and subsidiaries for the year ended December 31, 1997, in conformity with generally accepted accounting principles. We have not audited the consolidated financial statements of Sykes Enterprises, Incorporated and subsidiaries for any period subsequent to December 31, 1997.

PricewaterhouseCoopers LLP

Tampa, Florida
March 6, 1998

SYKES ENTERPRISES, INCORPORATED
CONSOLIDATED BALANCE SHEETS

	December 31, 1998	December 31, 1999
	-----	-----
ASSETS		
Current assets		
Cash and cash equivalents	\$ 36,348,863	\$ 31,001,354
Restricted cash	11,090,890	15,108,523
Receivables	113,840,262	131,903,360
Prepaid expenses and other current assets	15,861,742	15,252,307
	-----	-----
Total current assets.....	177,141,757	193,265,544
Property and equipment, net	99,176,512	134,755,878
Marketable securities	199,875	199,875
Intangible assets, net	75,132,011	76,830,977
Deferred charges and other assets.....	13,484,146	22,533,880
	-----	-----
	\$ 365,134,301	\$ 427,586,154
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Current installments of long-term debt	\$ 3,983,239	\$ 3,236,451
Accounts payable	30,086,549	39,494,955
Income taxes payable	10,549,623	2,804,155
Accrued employee compensation and benefits	19,144,242	24,205,591
Customer deposits	10,978,868	11,820,739
Other accrued expenses and current liabilities	17,194,752	17,159,191
	-----	-----
Total current liabilities	91,937,273	98,721,082
Long-term debt	75,448,202	80,052,717
Deferred grants	15,434,676	21,198,709
Deferred revenue	14,707,773	24,861,639
Other long-term liabilities	2,668,895	1,400,466
	-----	-----
Total liabilities	200,196,819	226,234,613
	-----	-----
Commitments and contingencies (Notes 10 and 14)		
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; 41,451,905 and 42,734,284 issued and outstanding.....	414,519	427,343
Additional paid-in capital	136,199,748	155,022,390
Retained earnings	29,730,975	51,762,003
Accumulated other comprehensive income	(1,407,760)	(5,860,195)
	-----	-----
Total shareholders' equity	164,937,482	201,351,541
	-----	-----
	\$ 365,134,301	\$ 427,586,154
	=====	=====

See accompanying notes to consolidated financial statements.

SYKES ENTERPRISES, INCORPORATED
CONSOLIDATED STATEMENTS OF INCOME

	December 31, 1997	December 31, 1998	December 31, 1999
Revenues	\$ 351,593,110	\$ 469,461,520	\$ 575,039,890
Operating expenses			
Direct salaries and related costs	219,584,550	289,801,769	371,934,565
General and administrative	97,216,636	123,159,492	157,643,213
Impairment of long-lived assets	10,400,000	--	5,978,560
Acquired in-process research and development	--	14,468,907	--
Total operating expenses	327,201,186	427,430,168	535,556,338
Income from operations	24,391,924	42,031,352	39,483,552
Other expense			
Interest, net	518,968	(959,152)	(3,669,327)
Loss from joint venture	(2,828,000)	(3,947,380)	--
Write-down of marketable securities	--	(7,334,645)	--
Other	(1,270,450)	(29,176)	151,803
Total other expense	(3,579,482)	(12,270,353)	(3,517,524)
Income before income taxes	20,812,442	29,760,999	35,966,028
Provision for income taxes			
Current	13,492,156	25,592,000	22,259,000
Deferred	(311,160)	(4,109,000)	(8,324,000)
Total provision for income taxes	13,180,996	21,483,000	13,935,000
Net income	\$ 7,631,446	\$ 8,277,999	\$ 22,031,028
Net income per share			
Basic	\$ 0.19	\$ 0.20	\$ 0.52
Diluted	\$ 0.18	\$ 0.20	\$ 0.51
Shares outstanding			
Basic	41,044,002	41,257,623	42,044,574
Diluted	42,315,046	42,288,425	42,995,415

See accompanying notes to consolidated financial statements.

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

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
	Shares	Amount				
Balance at January 1, 1997	40,920,274	\$409,203	\$131,027,020	\$16,091,230	\$ (125,007)	\$147,402,446
Issuance of common stock	199,352	1,993	3,037,968	-	-	3,039,961
Capital contribution	-	-	1,237,000	-	-	1,237,000
Repurchase of common stock	-	-	(2,623,651)	-	-	(2,623,651)
Tax effect of non-qualified exercise of stock options	-	-	914,000	-	-	914,000
Distributions	-	-	-	(496,972)	-	(496,972)
Net income	-	-	-	7,631,446	-	7,631,446
Unrealized loss on securities, net of income taxes	-	-	-	-	(734,518)	(734,518)
Foreign currency translation adjustment	-	-	-	-	(2,735,140)	(2,735,140)
Comprehensive income						4,161,788
Adjustments to conform fiscal year of McQueen International Limited (Note 2)	-	-	-	(1,074,352)	-	(1,074,352)
Balance at December 31, 1997	41,119,626	411,196	133,592,337	22,151,352	(3,594,665)	152,560,220
Issuance of common stock	332,279	3,323	1,073,411	-	-	1,076,734
Tax effect of non-qualified exercise of stock options	-	-	1,534,000	-	-	1,534,000
Distributions	-	-	-	(698,376)	-	(698,376)
Net income	-	-	-	8,277,999	-	8,277,999
Recognition of write-down on marketable securities	-	-	-	-	734,518	734,518
Foreign currency translation adjustment	-	-	-	-	1,452,387	1,452,387
Comprehensive income						10,464,904
Balance at December 31, 1998	41,451,905	414,519	136,199,748	29,730,975	(1,407,760)	164,937,482
Issuance of common stock	1,282,379	12,824	11,371,319	-	-	11,384,143
Tax effect of non-qualified exercise of stock options	-	-	7,451,323	-	-	7,451,323
Net income	-	-	-	22,031,028	-	22,031,028
Foreign currency translation adjustment	-	-	-	-	(4,452,435)	(4,452,435)
Comprehensive income						17,578,593
Balance at December 31, 1999	42,734,284	\$427,343	\$155,022,390	\$51,762,003	\$(5,860,195)	\$201,351,541

See accompanying notes to consolidated financial statements.

SYKES ENTERPRISES, INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31,		
	1997	1998	1999
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 7,631,446	\$ 8,277,999	\$ 22,031,028
Depreciation and amortization	15,245,917	21,831,091	35,338,494
Impairment of long-lived assets	10,400,000	--	5,978,560
Acquired in-process research and development costs	2,795,000	14,468,907	--
Write-down of marketable securities	--	7,334,645	--
Deferred income taxes	(311,160)	(4,109,000)	(8,324,000)
(Gain)loss on disposal of property and equipment	(105,416)	(524,762)	14,663
Changes in assets and liabilities			
Receivables	(6,073,933)	(27,948,284)	(19,828,608)
Prepaid expenses and other current assets	(783,295)	(2,911,635)	1,598,813
Intangible assets	--	(737,708)	(1,113,326)
Deferred charges and other assets	(1,035,841)	(5,532,766)	(1,638,087)
Accounts payable	(714,315)	2,840,802	7,331,065
Customer deposits	1,056,946	11,373,150	(3,175,762)
Income taxes payable	--	--	(293,871)
Accrued employee compensation and benefits	(355,586)	7,270,284	4,508,377
Other accrued expenses and current liabilities	(4,286,603)	6,090,194	(35,561)
Deferred revenue	--	3,453,788	10,153,866
Other long-term liabilities	--	(48,169)	(1,268,423)
Net cash provided by operating activities	23,463,160	41,128,536	51,277,228
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(25,654,336)	(37,292,551)	(66,656,704)
Investment in marketable securities	(8,000,000)	--	--
Investment in joint venture	(5,080,142)	(10,723,040)	--
Acquisition of business	(1,800,000)	(28,131,282)	(8,346,289)
Proceeds from sale of marketable securities	--	1,000,000	--
Proceeds from sale of property and equipment	208,351	3,462,149	190,485
Net cash used for investing activities	(40,326,127)	(71,684,724)	(74,812,508)
CASH FLOWS FROM FINANCING ACTIVITIES			
Paydowns under revolving line of credit agreements	(72,441,000)	(16,932,339)	(84,539,920)
Borrowings under revolving line of credit agreements	72,441,000	93,809,851	88,397,648
Proceeds from issuance of stock	3,039,961	1,076,734	11,084,143
Proceeds from grants	2,000,000	2,575,000	7,698,335
Proceeds from issuance of long-term debt	350,467	--	--
Proceeds from issuance of convertible debenture	1,399,000	--	--
Capital contributions	1,237,000	--	--
Subsidiary stock redemption	(2,623,651)	--	--
Payment of long-term debt	(6,238,862)	(89,686,711)	--
Distributions	(496,972)	(698,376)	--
Net cash provided by (used for) financing activities	(1,333,057)	(9,855,841)	22,640,206
Adjustment for foreign currency translation	(2,735,140)	1,452,387	(4,452,435)
Net decrease in cash and cash equivalents	(20,931,164)	(38,959,642)	(5,347,509)
CASH AND CASH EQUIVALENTS - BEGINNING	96,239,669	75,308,505	36,348,863
CASH AND CASH EQUIVALENTS - ENDING	\$ 75,308,505	\$ 36,348,863	\$ 31,001,354
Supplemental disclosures of cash flow information			
Cash paid during the year for:			
Interest	\$ 2,883,827	\$ 1,553,386	\$ 6,808,743
Income taxes	\$ 8,562,981	\$ 13,401,881	\$ 22,425,941

See accompanying notes to consolidated financial statements.

SYKES ENTERPRISES, INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Sykes Enterprises, Incorporated and consolidated subsidiaries (the "Company" or "Sykes") provides vertically integrated technology-based solutions to customers on a worldwide basis. By utilizing its information technology support centers and e-commerce platform, Sykes is able to provide traditional and e-commerce services at all stages in the life cycle of its clients' products and services, including initial development documentation and localization, customer product services, and end-user support. The Company's services are provided to customers throughout a wide variety of industries.

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

Principles of Consolidation - The consolidated financial statements include the accounts of Sykes and its wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates - The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates; however, management does not believe these differences would have a material effect on operating results.

Recognition of Revenue - The Company primarily recognizes its revenue from services as those services are performed. Royalty revenue is recognized at the time royalties are earned and the remaining revenue is recognized on fixed price contracts using the percentage-of-completion method of accounting. Adjustments to fixed price contracts and estimated losses, if any, are recorded in the period when such adjustments or losses are known. Product sales are recognized upon shipment.

Sykes' recognizes revenue from software and contractually provided rights in accordance with the American Institute of Certified Public Accountants ("AICPA") Statement of Position 97-2, "Software Revenue Recognition" ("SOP 97-2"), as amended by Statement of Position 98-4, "Deferral of the Effective Date of a Provision of SOP 97-2" ("SOP 98-4"), Statement of Position 98-9, "Modification of SOP 97-2, Software Revenue Recognition, With Respect to Certain Transactions" ("SOP 98-9"), as well as Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB 101"). SAB 101 is to be applied no later than the first quarter after December 15, 1999. Revenue is recognized from licenses of the Company's software products and rights when the agreement has been executed, the product or right has been delivered or provided, collectibility is probable and the software license fees or rights are fixed and determinable. Contracts that provide for multiple elements are accounted for pursuant to the above standards. If any portion of the license fees or rights is subject to forfeiture, refund or other contractual contingencies, the Company will postpone revenue recognition until these contingencies have been removed. Sykes' generally accounts for consulting services separate from software license fees for those multi-element arrangements where consulting services are a separate element and are not essential to the customer's functionality requirements and there is vendor-specific objective evidence of fair value for these services. Consulting revenue is recognized as the services are performed. Revenue from support and maintenance activities is recognized ratably over the term of the maintenance period and the unrecognized portion is recorded as deferred revenue.

Cash and Cash Equivalents - Cash and cash equivalents consist of highly liquid short-term investments classified as available for sale as defined under Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Cash in the amount of approximately \$8.1 million and \$7.3 million was held in taxable interest bearing investments at December 31, 1998, and 1999, respectively, which are classified as available for sale and have an average maturity of approximately 30 days.

Restricted Cash - The financial statements include restricted cash, which is held in conjunction with deposits by customers at December 31, 1998 and 1999, respectively. Included in current liabilities at December 31, 1998 and 1999, respectively is the related payable.

Property and Equipment - Property and equipment is recorded at cost and depreciated using the straight-line method over the estimated useful lives of the respective assets. Improvements to leased premises are amortized over the shorter of the related lease term or the useful lives of the improvements. Cost and related accumulated depreciation on assets retired or disposed of are removed from the accounts and any gains or losses resulting therefrom are credited or charged to income. Depreciation expense was approximately \$14.8 million, \$21.0 million and \$30.6 million for the years ended December 31, 1997, 1998 and 1999, respectively. Property and equipment includes approximately \$0.9 million and \$2.0 million of additions included in accounts payable at December 31, 1998 and 1999, respectively. Accordingly, these non-cash transactions have been excluded from the accompanying consolidated statements of cash flows for the years ended December 31, 1998 and 1999, respectively.

SYKES ENTERPRISES, INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES, continued

During 1998 and 1999, the Company capitalized certain costs incurred to internally develop software upon the establishment of technological feasibility. Costs incurred prior to the establishment of technological feasibility were expensed as incurred. Capitalized internally developed software costs, net of accumulated amortization, were approximately \$2.2 million and \$2.6 million at December 31, 1998 and 1999, respectively.

Land received from various governmental agencies under grants is recorded at fair value at date of grant. During the years ended December 31, 1997, 1998 and 1999, the Company recorded approximately \$430,000, \$280,000 and \$1,056,000, respectively, in land acquisitions as a result of such grants. Accordingly, these non-cash transactions have been excluded from the accompanying consolidated statements of cash flows for the years ended December 31, 1997, 1998 and 1999.

Investment in Joint Venture - The Company had a 50% interest in a joint venture that was accounted for using the equity method of accounting. Accordingly, the Company recorded its proportionate share of the gains and losses of the joint venture in the consolidated statements of income for 1997 and the first eight months of 1998. Effective September 1, 1998, the Company acquired the remaining 50% equity interest in this joint venture (See Note 2).

Intangible Assets - Intangible assets consist of the excess of costs over fair market value of the net assets of the acquired business of \$67.1 million and \$74.3 million at December 31, 1998 and 1999, respectively, net of accumulated amortization of \$6.2 million and \$8.8 million, respectively. Also included in intangible assets are existing technologies and covenants not to compete arising from business acquisitions of \$15.7 million and \$16.5 million at December 31, 1998 and 1999, respectively, net of accumulated amortization of \$1.5 million and \$5.2 million, respectively. The intangible assets are stated at cost and are being amortized on a straight-line basis over periods ranging from 10 to 20 years for the excess of costs over fair value of the net assets of the acquired business, and two to five years for the existing technologies and covenants not to compete. Amortization expense was approximately \$0.9 million, \$1.7 million and \$6.0 million for the years ended December 31, 1997, 1998 and 1999, respectively.

Impairment of Long-Lived Assets - The Company reviews long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of property and equipment is measured by comparison of its carrying amount to undiscounted future net cash flows the property and equipment are expected to generate. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount that the carrying amount of the property and equipment exceeds its fair market value, as determined by discounted cash flows. Sykes' assesses the recoverability of goodwill by determining whether the unamortized goodwill balance can be recovered through undiscounted future results of the acquired operation. The amount of goodwill impairment, if any, is measured based on projected discounted future results using a discount rate reflecting the Company's average cost of funds. During 1997, the Company recorded an impairment loss of \$10.4 million related to an acquisition made during that year. During 1999, the Company recorded an impairment loss of approximately \$6.0 million related to software and computer equipment.

Income Taxes - Sykes' uses the asset and liability method of accounting for income taxes. Deferred income taxes are recorded to reflect the tax consequences on future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income.

Deferred Grants - Grants for land and the acquisition of buildings, property and equipment are deferred and recognized in income over the corresponding useful lives of the related assets. Amortization of the property and equipment grants that is included in income was approximately \$0.5 million, \$0.9 million and \$1.3 million for the years ended December 31, 1997, 1998 and 1999, respectively. There are no significant contingencies associated with the grants that would impact the Company's ability to utilize assets received in association with the grants. Grants received in excess of property and equipment costs are recognized in the year executed, and that amount approximated \$1.3 million and \$2.5 million for the years ended December 31, 1998 and 1999, respectively, (none for 1997).

Segment Reporting - In June 1997, the Financial Accounting Standards Board (the FASB) issued Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" (SFAS 131). SFAS 131 uses a management approach to report financial and descriptive information about a Company's operating segments. Operating segments are revenue-producing components of the enterprise for which separate financial information is produced internally for the Company's management. Under this definition, the Company operated, for all periods presented, as a single segment.

SYKES ENTERPRISES, INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES, continued

Deferred Revenue - The Company invoices certain contracts in advance. The deferred revenue is earned over the life of the respective contract, which range from six months to two years.

Comprehensive Income - Effective January 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 130 "Reporting Comprehensive Income", ("SFAS No 130"), which requires all items that are required to be recognized under accounting standards as components of other comprehensive income be reported in the financial statements.

Fair Value of Financial Instruments - The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

- o Cash, accounts receivable and accounts payable. The carrying amount reported in the balance sheet for cash, accounts receivable and accounts payable approximates their fair value.

- o Long-Term Debt. The fair value of the Company's long-term debt, including the current portion thereof, is estimated based on the quoted market price for the same or similar types of borrowing arrangements. The carrying value of the Company's long-term debt approximates fair value because the debt bears variable interest rates.

Non-monetary Transaction - During 1998, the Company sold a software license in exchange for convertible preferred stock in a privately held corporation. The convertible preferred stock has a fair market value of \$10.0 million, which represents the sales price recorded by the Company. The cost of this security is included in the consolidated balance sheet under the caption "Deferred charges and other assets" at December 31, 1998 and 1999, respectively.

Foreign Currency Translation - The assets and liabilities of the Company's foreign subsidiaries, whose functional currency is other than the U.S. Dollar, are translated at the exchange rates in effect on the reporting date, and income and expenses are translated at the weighted average exchange rate during the period. The net effect of translation gains and losses is not included in determining net income, but is included in accumulated other comprehensive income, which is reflected as a separate component of shareholders' equity. Foreign currency transactional gains and losses are included in determining net income. Such gains and losses are not material for any period presented.

Recent Accounting Pronouncements - In June 1998, the Financial Accounting Standards Board (the "FASB") issued Statement of Financial Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards for derivative financial instruments and hedging activities and requires the Company to recognize all derivatives as either assets or liabilities on the balance sheet and measure them at fair value. Gains and losses resulting from changes in fair value would be accounted for depending on the use of the derivative and whether it is designated and qualifies for hedge accounting. In June 1999, the FASB issued SFAS No. 137, which defers the implementation of SFAS No. 133 until years beginning after June 15, 2000. Sykes' does not anticipate that the adoption of this SFAS No. 133 will have a significant effect on its results of operations or financial position.

NOTE 2 - ACQUISITIONS AND MERGERS

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.

Effective 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.

SYKES ENTERPRISES, INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - ACQUISITIONS AND MERGERS, continued

Effective 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.

Effective September 1, 1998 the Company acquired the remaining 50% of outstanding common stock of SHPS, Incorporated ("SHPS") for approximately \$28.1 million plus the assumption of SHPS' debt. This purchase price was primarily financed through borrowings under the Company's credit facility. The SHPS acquisition was accounted for using the purchase method of accounting and accordingly, the results of operations for the period September 1, 1998 to December 31, 1998, have been included in the accompanying financial statements. The purchase price has been allocated to the assets and liabilities of SHPS based upon fair values at the date of acquisition. The allocations were based on appraisals, evaluations, estimations and other studies.

Sykes' adjusted the amounts originally allocated to acquired in-process research and development to reflect the new methodology set forth in the September 30, 1998 letter from the SEC Staff to the American Institute of Certified Public Accountants. The revised allocation resulted in goodwill recognized of approximately \$11.9 million, representing the excess of the purchase price over the fair value of the net assets acquired, as follows:

Goodwill	\$11,923,929
Fair value of assets acquired (inclusive of \$38,588,462 of goodwill)	83,587,143
Acquired in-process research and development	14,468,907
Liabilities assumed	(81,848,697)

Cash paid, net of cash acquired	\$28,131,282
	=====

Pursuant to acquisitions completed by SHPS, acquired in-process technology was initially reviewed utilizing methodologies consistent with those stated below. Sykes' determined that this analysis provided no establishment of technological feasibility. As of the date of Sykes' acquisition of SHPS, technological feasibility of the in-process technology was reviewed again and had not been established. Further analysis by the Company has indicated the technology has no alternate future use; therefore, the Company has recorded a charge for the amount of the purchase price allocated to acquired in-process research and development of approximately \$14.5 million. This charge is reflected in the accompanying consolidated statement of income for the year ended December 31, 1998.

The amount of purchase price allocated to acquired in-process research and development was determined by estimating the stage of development of each in-process research and development project at the date of acquisition, estimating cash flows resulting from the expected revenues generated from such projects, and discounting the net cash flows back to their present value using a discount rate of 15% for the existing technology and 25% for in-process technology, which represents a premium to the Company's cost of capital. The spread over the existing technology discount rate reflects the inherently greater risk of the research and development efforts. These projections were based on management's estimates of market share and growth, expected trends in technology and the expected timing of new product introductions. As a part of the transaction, the Company recorded approximately \$7.3 million in capitalized software costs and rights, which are being amortized over five years, and approximately \$50.5 million of goodwill, which is being amortized over 20 years.

The unaudited pro forma combined historical results, as if SHPS had been acquired on January 1, 1997 are estimated to be revenues of \$351.6 million, net income of \$6.6 million, and basic and diluted net income per share of \$0.16 for the year ended December 31, 1997, and revenues of \$501.2 million, net loss of \$5.6 million, and basic and diluted loss per share of \$0.14 for the year ended December 31, 1998. The pro forma results include amortization of the intangibles noted above and interest expense on the debt assumed to finance the purchase. The pro forma results are not necessarily indicative of what actually would have occurred if the acquisition had been completed as of the beginning of 1997, nor are they indicative of future consolidated results.

During 1997, the Company acquired all of the stock of McQueen International, Limited ("McQueen") of Galashiels, Scotland. The Company accounted for the acquisition utilizing the pooling-of-interests method of accounting. McQueen had a February 28 fiscal year end and, accordingly, the McQueen statement of income for the year ended February 28, 1997, has been combined with the Sykes' statement of income for the year ended December 31, 1996. In order to conform McQueen's fiscal year end to Sykes' calendar year end, the Consolidated Statement of Income for 1997 includes two months (January and February 1997) for McQueen which are also included in the Consolidated Statements of Income for the year ended December 31, 1996. Accordingly, an adjustment has been made during 1997 to retained earnings for the duplication of net income of approximately \$1.1 million for such two-month period. McQueen's revenue for the two months (January and February 1997) was approximately \$12.3 million.

SYKES ENTERPRISES, INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - ACQUISITIONS AND MERGERS, continued

On April 7, 1997, McQueen acquired the Media Services divisions of Rand McNally & Company, comprising the US Division, Rand McNally Media Services Inc. and Rand McNally International Business Services BV, a Netherlands division with an operational branch in Ireland, for approximately \$30.0 million, including acquisition costs. This purchase price was entirely financed through the issuance of notes to the seller. Accordingly, this non-cash transaction has been excluded from the accompanying Consolidated Statement of Cash Flows for the year ended December 31, 1997. The excess of the total acquisition cost over the fair value of net assets acquired in the amount of \$6.9 million after an impairment of \$10.4 million is being amortized on a straight-line basis over 15 years. The unaudited pro forma combined historical results, as if the Media Services division of Rand McNally & Company had been acquired on January 1, 1997, are estimated to be revenues of \$368.2 million, net income of \$7.8 million, and basic and diluted earnings per share of \$0.19 and \$0.18, respectively, for 1997. The pro forma results include amortization of the intangibles noted above and interest expense on the debt assumed to finance the purchase. The pro forma results are not necessarily indicative of what actually would have occurred if the acquisition had been completed as of the beginning of 1997, nor are they necessarily indicative of future consolidated results.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of trade receivables. With the exception of \$10.0 million of convertible preferred stock held, the Company's credit concentrations are limited due to the wide variety of customers and markets in which the Company's services are sold.

NOTE 4 - RECEIVABLES

Receivables consist of the following:

	DECEMBER 31,	
	1998	1999
Trade accounts receivable	\$100,966,473	\$110,846,842
Unbilled accounts receivable	5,326,607	14,600,950
Notes from officers	470,122	542,224
Other	7,873,231	8,353,888
	-----	-----
	114,636,433	134,343,904
Less allowance for doubtful accounts	796,171	2,440,544
	-----	-----
	\$113,840,262	\$131,903,360
	=====	=====

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	DECEMBER 31,	
	1998	1999
Land	\$ 4,014,119	\$ 5,114,051
Buildings and leasehold improvements	30,661,019	41,171,099
Equipment, furniture and fixtures	130,956,959	172,270,235
Capitalized software development costs	2,217,529	2,895,739
Transportation equipment	259,700	447,916
Construction in progress	3,381,020	16,290,770
	-----	-----
	171,490,346	238,189,810
Less accumulated depreciation	72,313,834	103,433,932
	-----	-----
	\$ 99,176,512	\$134,755,878
	=====	=====

SYKES ENTERPRISES, INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 - MARKETABLE SECURITIES

During 1997, the Company purchased SystemSoft Corp. common stock in conjunction with a strategic technology exchange agreement between the parties that had an original cost basis of \$8.0 million. In accordance with Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities," the investment is classified as available-for-sale securities. During the fourth quarter of 1998, the Company wrote down its investment in SystemSoft Corp. by approximately \$7.3 million due to a significant reduction in its market value, which was determined to be other than temporary. As such, the investment is carried at an aggregate market value of approximately \$0.2 million as of December 31, 1998 and 1999, respectively.

NOTE 7 - DEFERRED CHARGES AND OTHER ASSETS

Deferred charges and other assets consist of the following:

	DECEMBER 31,	
	1998	1999
Convertible preferred stock	\$10,000,000	\$10,000,000
Non-current deferred tax asset, net	1,249,470	8,616,227
Other	2,234,676	3,917,653
	-----	-----
	\$13,484,146	\$22,533,880
	=====	=====

NOTE 8 - ACCRUED EMPLOYEE COMPENSATION AND BENEFITS

Accrued employee compensation and benefits consist of the following:

	DECEMBER 31,	
	1998	1999
Accrued compensation	\$10,907,243	\$12,762,423
Accrued employment taxes	3,574,422	7,229,210
Accrued vacation	2,224,829	2,742,426
Other	2,437,748	1,471,532
	-----	-----
	\$19,144,242	\$24,205,591
	=====	=====

NOTE 9 - OTHER ACCRUED EXPENSES AND CURRENT LIABILITIES

Other accrued expenses and current liabilities consist of the following:

	DECEMBER 31,	
	1998	1999
Deferred revenue	\$ 5,961,591	\$ 6,375,510
Accrued telephone charges	2,349,844	2,213,207
Accrued interest	1,329,586	213,467
Other	7,553,731	8,357,007
	-----	-----
	\$17,194,752	\$17,159,191
	=====	=====

SYKES ENTERPRISES, INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - LONG-TERM DEBT

Long-term debt consists of the following:

	DECEMBER 31,	
	1998	1999
Syndicated credit facility, \$150.0 million maximum, due February 2001, interest payable quarterly at tiered levels between 75 and 175 basis points above listed LIBOR, the facility is unsecured	\$75,000,000	\$80,000,000
Syndicated credit facility, \$15.0 million maximum, due in installments through February 2001, interest payable monthly at tiered levels between 75 and 175 basis points above listed LIBOR, the facility is unsecured	2,659,850	2,284,500
Notes payable and capital leases, principal and interest payable in monthly installments through December 2002, interest at varying rates up to prime plus 1 percent, collateralized by certain receivables and equipment	1,771,591	1,004,668
	79,431,441	83,289,168
Less current portion	3,983,239	3,236,451
	\$75,448,202	\$80,052,717

Principal maturities subsequent to December 31, 2000 are as follows:

2001	\$80,026,358
2002	26,359
	\$80,052,717
	=====

Effective February 1998, the Company entered into a \$150.0 million syndicated credit facility and a \$15.0 million swingline facility that provides for multi-currency lending. These facilities accrue interest at tiered levels between 75 and 175 basis points above listed LIBOR pursuant to a defined ratio calculation within the agreement, and accrues an unused commitment fee at tiered levels between 15 and 37.5 basis points above listed LIBOR. The Company was also contingently liable for letters of credit in the amount of approximately \$5.0 million at December 31, 1999 (\$5.0 million at December 31, 1998). The \$150.0 million facility contains certain financial covenants associated with debt ratios, leverage, coverage and capital expenditures and acquisitions as defined by the agreement. At December 31, 1999, the Company was in compliance with all loan covenants.

During January 2000, the Company became contingently liable for an additional letter of credit in the amount of \$30.0 million, that guaranteed performance of a contractual obligation.

SYKES ENTERPRISES, INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 - ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Sykes' presents data in the Consolidated Statements of Changes in Shareholders' Equity in accordance with SFAS No. 130. This statement establishes rules for the reporting of comprehensive income and its components. The components of other accumulated comprehensive income are as follows:

	Unrealized Loss on Securities	Foreign Currency Translation	Accumulated Other Comprehensive Income (Loss)
Balance at January 1, 1997	\$ --	\$ (125,007)	\$ (125,007)
Foreign currency translation adjustment	--	(2,735,140)	(2,735,140)
Unrealized loss on securities, net of income taxes	(734,518)	--	(734,518)
	-----	-----	-----
Balance at December 31, 1997	(734,518)	(2,860,147)	(3,594,665)
Foreign currency translation adjustment	--	1,452,387	1,452,387
Unrealized loss on securities	(6,600,127)	--	(6,600,127)
Less: Reclassification adjustment for loss realized in net income	7,334,645	--	7,334,645
	-----	-----	-----
Balance at December 31, 1998	--	(1,407,760)	(1,407,760)
Foreign currency translation adjustment	--	(4,452,435)	(4,452,435)
	-----	-----	-----
Balance at December 31, 1999	\$ --	\$ (5,860,195)	\$ (5,860,195)
	=====	=====	=====

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

NOTE 12 - INCOME TAXES

The components of income before income taxes are as follows:

	YEARS ENDED DECEMBER 31,		
	1997	1998	1999
Domestic	\$ 8,551,740	\$13,368,121	\$17,261,008
Foreign	12,260,702	16,392,878	18,705,020
	-----	-----	-----
Total income before income taxes	\$20,812,442	\$29,760,999	\$35,966,028
	=====	=====	=====

Provision for income taxes consists of the following:

	YEARS ENDED DECEMBER 31,		
	1997	1998	1999
Current:			
Federal	\$ 6,906,000	\$14,365,000	\$ 8,534,000
State	1,229,000	2,338,000	1,419,000
Foreign	5,357,156	8,889,000	12,306,000
	-----	-----	-----
Total current provision for income taxes	13,492,156	25,592,000	22,259,000
	-----	-----	-----
Deferred:			
Federal	(99,000)	(2,112,000)	(1,952,000)
State	(25,000)	(340,000)	(479,000)
Foreign	(187,160)	(1,657,000)	(5,893,000)
	-----	-----	-----
Total deferred provision for income taxes	(311,160)	(4,109,000)	(8,324,000)
	-----	-----	-----
Total provision for income taxes	\$13,180,996	\$21,483,000	\$13,935,000
	=====	=====	=====

SYKES ENTERPRISES, INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 - INCOME TAXES, continued

The components of the net deferred tax asset (liability) are as follows:

	DECEMBER 31,	
	1998	1999
Domestic current:		
Deferred tax asset:		
Accrued expenses	\$ 889,000	\$ 1,589,000
Deferred compensation	244,000	96,000
Bad debt reserve	346,000	700,000
Other	6,000	8,000
Total current deferred tax asset	\$ 1,485,000	\$ 2,393,000
Deferred tax liability:		
Prepaid expenses	\$ (462,000)	\$ (290,000)
Cash to accrual-Section 481 adjustment	(5,000)	--
Other	(798,904)	(925,000)
Total current deferred tax liability	(1,265,904)	(1,215,000)
Net domestic current deferred tax asset	\$ 219,096	\$ 1,178,000
Foreign current:		
Deferred tax asset:		
Deferred commissions	\$ 232,000	\$ --
Net operating loss carry-forward	--	1,470,064
Valuation allowance	--	(1,240,000)
Total foreign current deferred tax asset	\$ 232,000	\$ 230,064
Net current deferred asset	\$ 451,096	\$ 1,408,064

SYKES ENTERPRISES, INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 - INCOME TAXES, continued

	DECEMBER 31,	
	1998	1999
Domestic non-current:		
Deferred tax asset:		
Unrealized loss on security	\$ 3,009,000	\$ 3,009,000
Intangible assets	3,457,000	5,171,000
Net operating loss carry-forward	454,000	83,000
Valuation allowance	(3,000,000)	(2,894,000)
Other	--	265,000
Total non-current deferred tax asset	\$ 3,920,000	\$ 5,634,000
Deferred tax liability:		
Property and equipment	\$ (710,000)	\$ (1,188,000)
Intangible assets	(2,155,000)	(1,919,000)
Other	--	--
Total non-current deferred tax liability	(2,865,000)	(3,107,000)
Net domestic non-current deferred tax asset	\$ 1,055,000	\$ 2,527,000
Foreign non-current:		
Deferred tax asset:		
Intangible assets	\$ 1,571,470	\$ 4,058,000
Deferred revenue	--	3,391,000
Net operating loss carry-forward	704,000	--
Valuation allowance	(704,000)	--
Total non-current deferred tax asset	\$ 1,571,470	\$ 7,449,000
Deferred tax liability:		
Property and equipment	\$ (1,377,000)	\$ (865,773)
Untaxed reserve	--	(494,000)
Total non-current deferred tax liability	(1,377,000)	(1,359,773)
Net foreign non-current deferred tax asset	194,470	6,089,227
Net non-current deferred tax asset	\$ 1,249,470	\$ 8,616,227

The Company has not recorded deferred income taxes applicable to undistributed earnings of foreign subsidiaries that are indefinitely reinvested in foreign operations. Undistributed earnings amounted to approximately \$38.3 million at December 31, 1999, excluding amounts which, if remitted, generally would result in minimal additional U.S. income taxes because of available foreign tax credits. If the earnings of such foreign subsidiaries were not indefinitely reinvested, a deferred tax liability of approximately \$5.0 million would have been required.

At December 31, 1999, the Company's French subsidiary had an operating loss carryforward of approximately \$2.9 million that expires through the year 2005. In addition, the Company's Belgian subsidiary had an operating loss carryforward of approximately \$575,000 that does not expire.

SYKES ENTERPRISES, INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 - INCOME TAXES, continued

The following summarizes the principal differences between income taxes at the federal statutory rate and the effective income tax amounts reflected in the financial statements:

	YEARS ENDED DECEMBER 31,		
	1997	1998	1999
Statutory tax	\$ 7,284,233	\$ 10,416,000	\$ 12,588,000
State income taxes, net of federal tax benefit	759,000	1,015,000	611,000
Effect of income not subject to federal and state income tax	(1,015,000)	(162,000)	9,000
In-process research and development	--	5,064,000	--
Valuation on unrealized loss on marketable security	--	3,000,000	--
Valuation on net operating loss carry-forward	--	704,000	430,000
Non-deductible amortization	3,640,000	63,000	514,000
Loss from joint venture	990,000	1,382,000	--
Foreign taxes, net of foreign income not taxed in the United States	971,763	(565,000)	(1,468,000)
Permanent differences	582,000	359,000	440,000
Other	(31,000)	207,000	811,000
	-----	-----	-----
Total provision for income taxes	\$ 13,180,996	\$ 21,483,000	\$ 13,935,000
	=====	=====	=====

The Company is currently under examination by the Internal Revenue Service for the tax year ended July 31, 1997. The Company has reviewed various matters that are under consideration and believes that it has adequately provided for any liability that may result from this examination. In the opinion of management, any liability that may arise from the prior period as a result of the examination will not have a material effect on the Company's financial condition, results of operations, or cash flows.

NOTE 13 - 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:

	YEARS ENDED DECEMBER 31,		
	1997	1998	1999
Basic:			
Weighted average common shares outstanding	41,044,002	41,257,623	42,044,574
Total basic shares outstanding	41,044,002	41,257,623	42,044,574
Diluted:			
Dilutive effect of stock options	1,271,044	1,030,802	950,841
Total diluted shares outstanding	42,315,046	42,288,425	42,995,415
	=====	=====	=====

SYKES ENTERPRISES, INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 - COMMITMENTS AND CONTINGENCIES

The Company leases certain equipment and buildings under operating leases having terms ranging from one to twenty-two years. The building leases contain up to two five-year renewal options. Rental expense under operating leases for the years ended December 31, 1997, 1998 and 1999 was approximately \$6.1 million, \$11.2 million and \$16.7 million, respectively.

The Company has a ten-year operating lease agreement, signed in 1995, with the Company's majority shareholder for its corporate aircraft. The lease expense for each of the years ended December 31, 1997, 1998 and 1999 was approximately \$618,000, \$618,000 and \$613,000 respectively.

The following is a schedule of future minimum rental payments under operating leases having a remaining non-cancelable term in excess of one year subsequent to December 31, 1999:

YEAR	RELATED PARTY	NON-RELATED PARTY	TOTAL AMOUNT
2000	\$ 613,000	\$11,318,000	\$11,931,000
2001	613,000	8,965,000	9,578,000
2002	613,000	7,366,000	7,979,000
2003	613,000	5,175,000	5,788,000
2004	613,000	4,234,000	4,847,000
Thereafter	562,000	11,873,000	12,435,000
Total minimum payments required	\$3,627,000	\$48,931,000	\$52,558,000

As of March 7, 2000, the Company is aware of twelve purported class action lawsuits that have been filed against Sykes and certain of its officers alleging violations of federal securities laws. All of the actions were filed in the United States District Court for the Middle District of Florida. The plaintiffs of these lawsuits purport to assert claims on behalf of a class of purchasers of Sykes common stock between April 26, 1999 and February 4, 2000. The actions essentially duplicate one another and plead substantially the same allegations, claiming 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 beginning in April 1999, the Company and certain of its officers made materially false statements concerning the Company's financial condition. The complaints also claim that the Company's financial statements 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 believes these complaints are without merit and 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 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.

NOTE 15 - EMPLOYEE BENEFIT PLAN

The Company maintains a 401(k) plan covering defined employees who meet established eligibility requirements. Under the original plan provisions, the Company matched 25% of participant contributions to a maximum matching amount of 1% of participant compensation. During 1997, the Company increased the 401(k) matching provision to 50% of participating contributions to a maximum matching amount of 2% of participant compensation. The Company contribution was approximately \$352,000, \$601,000 and \$753,000 for the years ended December 31, 1997, 1998 and 1999, respectively. In addition, two of the Company's subsidiaries maintained separate defined contribution plans, one of which was merged into the Company's 401(k) plan effective January 1, 1998. The combined contributions made to these plans were approximately \$244,000, \$149,000 and \$233,000 for the years ended December 31, 1997, 1998 and 1999, respectively.

SYKES ENTERPRISES, INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 - STOCK OPTIONS

In 1995, the Company granted options to an executive officer to purchase 1,143,000 shares of common stock. The options became exercisable three years from the date of grant, except that one-third were exercisable to the extent that the underlying shares were permitted to be included by the underwriters in an underwritten public offering. In November 1996 the Company completed a public offering and 381,000 of the options granted to the executive officer were exercised and sold in the offering. Of the remaining 762,000 options, 200,000 options are outstanding as of December 31, 1999. These options expire if not exercised by the tenth anniversary of their grant date.

Another executive officer was granted options under the Company's 1996 Employee Stock Option Plan to purchase 209,841 shares of the Company's common stock with an exercisable price of (i) 33 1/3% of such shares at \$8.00 per share, (ii) 33 1/3% at \$7.55 per share, and (iii) 33 1/3% at \$6.67 per share. Compensation expense of approximately \$42,000, \$42,000 and \$12,000 is recognized in the general and administrative expenses in the accompanying consolidated statements of operations for the years ended December 31, 1997, 1998 and 1999, respectively.

1996 Employee Stock Option Plan - The Company's 1996 Employee Stock Option Plan (the "Employee Plan") permits the granting of incentive or nonqualified stock options to purchase up to approximately 2,625,000 shares of the Company's common stock at not less than the fair value at the time the options are granted. All options granted under the Employee Plan expire if not exercised by the tenth anniversary of their grant date with the exception of outstanding options converted pursuant to the acquisition of McQueen consistent with pooling-of-interests rules and expire five years from grant date. Certain other officers and employees hold options to purchase additional shares of common stock at a range of \$0.03 to \$31.27 per share that vest ratably over the three-year period following the date of grant, except for approximately 360,000 options associated with the outstanding options from the acquisition of McQueen which are immediately exercisable. Transactions related to the 1996 Employee Stock Option Plan are summarized as follows:

	SHARES	WEIGHTED AVERAGE EXERCISE PRICE
	-----	-----
Outstanding at January 1, 1997.....	901,792	\$ 15.22
(Exercisable: 180,000 at \$27.67)		
Granted.....	893,816	\$ 19.86
Exercised.....	(190,322)	\$ 8.00
Expired or terminated.....	(231,300)	\$ 19.38

Outstanding at December 31, 1997.....	1,373,986	\$ 16.67
(Exercisable: 390,966 at \$11.02)		
Granted.....	681,750	\$ 21.46
Exercised.....	(329,478)	\$ 3.14
Expired or terminated.....	(312,656)	\$ 23.91

Outstanding at December 31, 1998.....	1,413,602	\$ 20.05
(Exercisable: 344,053 at \$19.49)		
Granted.....	860,421	\$ 23.50
Exercised.....	(676,799)	\$ 17.71
Expired or terminated.....	(320,086)	\$ 22.70

Outstanding at December 31, 1999.....	1,277,138	\$ 22.90
(Exercisable: 364,833 at \$20.99)	=====	
Options available for future grant	151,263	
	=====	

SYKES ENTERPRISES, INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 - STOCK OPTIONS, continued

The following table further summarizes information about the 1996 Employee Stock Option Plan at December 31, 1999:

RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING AT DEC. 31, 1999	WEIGHTED AVERAGE REMAINING LIFE	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE AT DEC. 31, 1999	WEIGHTED AVERAGE EXERCISE PRICE
\$ 0.03 to \$ 1.24	1,667	3.0	\$ 1.01	1,667	\$ 1.01
\$ 8.00	42,551	6.3	\$ 8.00	42,551	\$ 8.00
\$13.91 to \$30.76	1,232,920	8.8	\$23.44	320,615	\$22.82
Total	1,277,138	8.8	\$22.90	364,833	\$20.99

1996 Non-Employee Director Stock Option Plan - The Company's 1996 Non-Employee Director Stock Option Plan (the "Non-Employee Plan") permits the granting of nonqualified stock options to purchase up to 431,000 shares of the Company's common stock to members of the Board of Directors who are not employees of the Company. Each outside director will receive options to purchase 5,000 shares of common stock on the day following each annual meeting of shareholders. Also, on the date on which a new outside director is first elected or appointed, he or she automatically will be granted options to purchase 5,000 shares of common stock. All options granted will have an exercise price equal to the then fair market value of the common stock. All options granted under the Non-Employee Plan expire if not exercised by the tenth anniversary of their grant date.

Transactions related to the 1996 Non-Employee Director Stock Option Plan are summarized as follows:

	SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at January 1, 1997..... (Exercisable: none)	56,250	\$ 8.00
Granted.....	42,500	\$22.61
Exercised.....	(26,250)	\$ 8.00
Expired or terminated.....	--	\$ --
Outstanding at December 31, 1997..... (Exercisable: none)	72,500	\$16.56
Granted.....	40,000	\$20.44
Exercised.....	(6,250)	\$ 8.00
Expired or terminated.....	--	\$ --
Outstanding at December 31, 1998..... (Exercisable: 38,750 at \$16.67)	106,250	\$18.53
Granted.....	35,000	\$23.81
Exercised.....	(8,300)	\$ 8.00
Expired or terminated.....	--	\$ --
Outstanding at December 31, 1999..... (Exercisable: 66,286 at \$18.79)	132,950	\$20.58
Options available for future grant.....	257,250	

SYKES ENTERPRISES, INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 - STOCK OPTIONS, continued

The following table further summarizes information about the 1996 Non-Employee Director Stock Option Plan at December 31, 1999:

RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING AT DEC. 31, 1999	WEIGHTED AVERAGE REMAINING LIFE	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE AT DEC. 31, 1999	WEIGHTED AVERAGE EXERCISE PRICE
\$ 8.00	15,450	6.3	\$ 8.00	15,450	\$ 8.00
\$18.39	5,000	8.2	\$ 18.39	1,667	\$ 18.39
\$20.74	35,000	8.3	\$ 20.74	11,669	\$ 20.74
\$22.23	37,500	7.4	\$ 22.23	32,500	\$ 22.23
\$23.81	35,000	9.3	\$ 23.81	--	\$ --
\$25.42	5,000	7.4	\$ 25.42	5,000	\$ 25.42
Total	132,950	8.0	\$ 20.58	66,286	\$ 18.79

1997 Management Incentive Stock Option Plan - The Company's 1997 Management Incentive Stock Option Plan (the "Management Incentive Plan") permits the granting of nonqualified stock options to purchase up to approximately 4,000,000 shares of the Company's common stock at not less than the fair value at the time the options are granted. At December 31, 1998 and 1999, no options granted were exercisable. All options granted under the Management Incentive Plan expire if not exercised by the tenth anniversary of their grant date.

Transactions related to the 1997 Management Incentive Stock Option Plan are summarized as follows:

	SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at December 31, 1997.....	--	\$ --
Granted.....	770,000	\$ 21.19
Exercised.....	--	\$ --
Expired or terminated.....	--	\$ --
Outstanding at December 31, 1998.....	770,000	\$ 21.19
Granted.....	155,000	\$ 29.96
Exercised.....	--	--
Expired or terminated.....	(405,000)	\$ 20.00
Outstanding at December 31, 1999.....	520,000	\$ 24.73
Options available for future grant.....	3,480,000	

The following table further summarizes information about the 1997 Management Incentive Stock Option Plan at December 31, 1999:

RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING AT DEC. 31, 1999	WEIGHTED AVERAGE REMAINING LIFE	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE AT DEC. 31, 1999	WEIGHTED AVERAGE EXERCISE PRICE
\$18.93	20,000	8.7	\$ 18.93	--	\$ --
\$20.00	220,000	8.3	\$ 20.00	--	\$ --
\$27.49	125,000	9.0	\$ 27.49	--	\$ --
\$29.21	80,000	9.4	\$ 29.21	--	\$ --
\$30.76	75,000	9.1	\$ 30.76	--	\$ --
Total	520,000	8.8	\$ 24.73	--	\$ --

SYKES ENTERPRISES, INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 - STOCK OPTIONS, continued

Employee Stock Purchase Plan - Sykes' Employee Stock Purchase Plan (the "ESPP") allows eligible employee participants to purchase shares of the Company's common stock at a discount through payroll deductions. The ESPP, which qualifies under Code Section 423 of the Internal Revenue Code of 1986, was adopted by the Company's Board of Directors on April 1, 1999 and approved by the shareholders. Pursuant to the ESPP, Sykes' reserved 1.0 million shares of its common stock for issuance.

Under the ESPP, eligible employees may purchase the Company common stock at 87.5% of the market price on the last day of the offering period. The maximum each employee may purchase within an offering period shall not exceed \$6,250 in market value of Company common stock. The Company will typically have four three-month offering periods each year.

The weighted average fair value of the purchase rights granted during the year ended December 31, 1999 was \$28.09. For the year ended December 31, 1999, approximately 16,100 of such shares were purchased and approximately 983,900 remain available for future issuance.

The Company has adopted the disclosure only provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock Based Compensation", but applies Accounting Principles Board Opinion No. 25 and related interpretations in accounting for its plans. Therefore, no compensation expense has been recognized for stock options granted at fair market value under its plans. If the Company had elected to recognize compensation expense for stock options based on the fair value at grant date, consistent with the method prescribed by SFAS No. 123, net income and earnings per share would have been reduced to the pro forma amounts as follows:

	YEARS ENDED DECEMBER 31,		
	1997	1998	1999
	(\$ in thousands, except per share amounts)		
Net income as reported.....	\$ 7,631	\$ 8,278	\$ 22,031
Pro forma net income as prescribed by SFAS 123.....	\$ 1,584	\$ 2,497	\$ 14,588
Net income per diluted share as reported.....	\$ 0.18	\$ 0.20	\$ 0.51
Pro forma net income per diluted share as prescribed by			
SFAS 123.....	\$ 0.04	\$ 0.06	\$ 0.34

The pro forma amounts were determined using the Black-Scholes valuation model with the following key assumptions: (i) a discount rate of 6.05 percent for 1997, a discount rate of 6.0 percent for 1998, and a discount rate of 6.1 percent for 1999; (ii) a volatility factor of 64.19 percent based upon the average trading price of the Company's common stock since it began trading on the Nasdaq National Market; (iii) no dividend yield; and (iv) an average expected option life of approximately four years and approximately 2 years for the ESPP, for each year presented. In addition, the pro forma amount for 1999 includes approximately \$88,000 related to purchase discounts offered under the ESPP (none for 1997 and 1998).

SYKES ENTERPRISES, INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17 - GEOGRAPHIC INFORMATION

Information about the Company's operations by geographic location is as follows:

	YEARS ENDED DECEMBER 31,		
	1997	1998	1999
Revenue:			
North America	\$223,970,601	\$304,588,695	\$391,944,231
International	127,622,509	164,872,825	183,095,659
	\$351,593,110	\$469,461,520	\$575,039,890
	=====	=====	=====
Income before income taxes:			
North America	\$ 11,496,208	\$ 15,365,353	\$ 22,061,814
International	9,316,234	14,395,646	13,904,214
	\$ 20,812,442	\$ 29,760,999	\$ 35,966,028
	=====	=====	=====
Total assets:			
North America	\$198,328,992	\$262,378,945	\$310,195,876
International	69,867,748	102,755,356	121,485,035
	\$268,196,740	\$365,134,301	\$431,680,911
	=====	=====	=====

NOTE 18 - SIGNIFICANT CUSTOMER

Revenue from one customer amounted to 10% of revenues for the year ended December 31, 1997. No single customer accounted for 10% of revenues for the years ended December 31, 1998 and 1999, respectively.

NOTE 19 - SUBSEQUENT EVENTS (UNAUDITED)

During February and March 2000, the Company acquired 935,000 shares of its common stock for approximately \$15.1 million. The repurchase of these shares was in connection with a stock repurchase program announced in February 2000 in which up to 1.0 million shares of the Company's common stock may be acquired in the open market. The purpose of the stock repurchase program is to enhance shareholder value.

Exhibit Number - 21.1

Sykes Enterprises, Incorporated List of Subsidiaries

Sykes Enterprises Incorporated of Canada	Canada
Sykes Enterprises Incorporated Holdings B.V.	The Netherlands
Sykes Enterprises Incorporated, B.V.	The Netherlands
Sykes Realty, Inc.	Florida
Sykes Enterprises-South Africa, Inc.	Florida
Sykes Datasvar Support AB	Sweden
Sykes Holdings of Belgium B.V.B.A.	Belgium
Translation, Fulfillment & Communication, N.V. ("Traffic")	Belgium
Sykes Enterprises GmbH	Germany
Telcare Gesellschaft fur Telekommunikations-Mehrwertdienste mbH ("Telcare")	Germany
TAS Telemarketing Gesellschaft fur Kommunikations und Dialog mbH ("TAS I")	Germany
Sykes Verwaltungsgesellschaft mbH, f/k/a TAS Hedi Fabinyi GmbH ("TAS II")	Germany
TAS GmbH Nord Telemarketing und Vertriebsberatung ("TAS III")	Germany
McQueen Limited	Scotland
McQueen International Limited	Scotland
McQueen Integrated Manufacturing Services Ltd.	Scotland
McQueen Graphics Ltd.	Scotland
McQueen Europe Ltd.	Scotland
Link Network Ltd.	Scotland
McQueen Benelux BV	The Netherlands
McQueen France SA	France
McQueen Inc.	Delaware
McQueen Skandinavian AB	Sweden
Oracle Service Networks Corporation	Canada
NAL Path Inc.	Canada
248 Pall Mall Inc.	Canada
Clinidata Corporate	Canada
CompuHelpLine, Inc.	Florida
Sykes Costa Rica, Inc.	Costa Rica
Ascende Information Services, S.A.	Costa Rica

Exhibit Number - 23.1

CONSENT OF INDEPENDENT AUDITORS

Board of Directors and Stockholders
Sykes Enterprises, Incorporated

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Sykes Enterprises, Incorporated of our report dated February 7, 2000, included in the 1999 Annual Report to Shareholders of Sykes Enterprises, Incorporated.

Our audits also included the financial statement schedule of Sykes Enterprises, Incorporated listed in Item 14(a). This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein for the years ended December 31, 1998 and 1999.

We also consent to 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 Employee' Stock Purchase Plan of our report dated February 7, 2000, with respect to the consolidated financial statements incorporated herein by reference, and our report included in the preceding paragraph with respect to the financial statement schedule included in this Form 10-K of Sykes Enterprises, Incorporated.

Ernst & Young LLP

Tampa, Florida
March 27, 2000

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Forms S-8 (No. 333-23681 and No. 333-88359) of Sykes Enterprises, Incorporated of our report dated March 6, 1998 relating to the consolidated financial statements for the year ended December 31, 1997 which appears in the Annual Report to Shareholders, which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report dated March 6, 1998 related to the financial statement schedule for the year ended December 31, 1997, which appears below.

Our audit included the financial statement schedule for the year ended December 31, 1997 of Sykes Enterprises, Incorporated listed in Item 14 (a). This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audit. In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein for the year ended December 31, 1997.

PricewaterhouseCoopers LLP

Tampa, Florida
March 27, 2000

ARTICLE 5

This schedule contains summary financial information extracted from Form 10-K for the year ended December 31, 1999, and is qualified in its entirety by reference to such Form 10-K.

PERIOD TYPE	YEAR
FISCAL YEAR END	DEC 31 1999
PERIOD START	JAN 01 1999
PERIOD END	DEC 31 1999
CASH	31,001,354
SECURITIES	0
RECEIVABLES	134,343,904
ALLOWANCES	2,440,544
INVENTORY	0
CURRENT ASSETS	193,265,544
PP&E	238,189,810
DEPRECIATION	103,433,932
TOTAL ASSETS	427,586,154
CURRENT LIABILITIES	98,721,082
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	427,343
OTHER SE	200,924,198
TOTAL LIABILITY AND EQUITY	427,586,154
SALES	575,039,890
TOTAL REVENUES	575,039,890
CGS	0
TOTAL COSTS	371,934,565
OTHER EXPENSES	163,621,773
LOSS PROVISION	151,803
INTEREST EXPENSE	3,669,327
INCOME PRETAX	35,966,028
INCOME TAX	13,935,000
INCOME CONTINUING	22,031,028
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	22,031,028
EPS BASIC	0.52
EPS DILUTED	0.51

End of Filing

Powered By **EDGAR**
Online

© 2005 | EDGAR Online, Inc.