

# SYKES ENTERPRISES INC

## FORM DEF 14A (Proxy Statement (definitive))

Filed 03/22/02 for the Period Ending 04/26/02

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 DEF 14A  
(Proxy Statement (definitive))

Filed 3/22/2002 For Period Ending 4/26/2002

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



**SCHEDULE 14A  
(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No.    )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- |  |  |
|--|--|
| <input type="checkbox"/> Preliminary Proxy Statement           | <input type="checkbox"/> Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) |
| <input checked="" type="checkbox"/> Definitive Proxy Statement |  |
| <input type="checkbox"/> Definitive Additional Materials       |  |
| <input type="checkbox"/> Soliciting Material under Rule 14a-12 |  |

Sykes Enterprises, Inc.

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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- Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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100 North Tampa Street  
Suite 3900  
Tampa, Florida 33602

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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD APRIL 26, 2002**

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To the Shareholders of Sykes Enterprises, Incorporated:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders (the "Annual Meeting") of Sykes Enterprises, Incorporated (the "Company") will be held at the Tampa Marriott Waterside, 700 South Florida Avenue, Tampa, Florida, on Friday, April 26, 2002, at 10:00 a.m., Eastern Daylight Savings Time, for the following purposes:

1. To elect three directors to hold office until the 2005 Annual Meeting of Shareholders; one director to hold office until the 2004 Annual Meeting of Shareholders; and one director to hold office until the 2003 Annual Meeting of Shareholders;
2. To ratify the appointment of Deloitte & Touche LLP as independent auditors of the Company; and
3. To transact any other business as may properly come before the Annual Meeting.

Only shareholders of record as of the close of business on March 14, 2002, will be entitled to vote at the Annual Meeting or any adjournment or postponement of the Annual Meeting. Information relating to the matters to be considered and voted on at the Annual Meeting is set forth in the proxy statement accompanying this Notice.

By Order of the Board of Directors,

/s/ JAMES T. HOLDER

James T. Holder  
*Secretary*

March 20, 2002

**YOUR VOTE IS IMPORTANT**

**To assure your representation at the Annual Meeting, please vote on the matters to be considered at the Annual Meeting by completing the enclosed proxy and mailing it promptly in the enclosed envelope. If your shares are held in street name by a brokerage firm, bank or other nominee, the nominee will supply you with a proxy card to be returned to it. It is important that you return the proxy card as quickly as possible so that the nominee may vote your shares. You may not vote your shares in person at the Annual Meeting unless you obtain a power of attorney or legal proxy from your broker, bank or other nominee holder authorizing you to vote the shares, and you present this power of attorney or proxy at the Annual Meeting.**

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100 North Tampa Street  
Suite 3900  
Tampa, Florida 33602

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**PROXY STATEMENT  
FOR  
2002 ANNUAL MEETING OF SHAREHOLDERS**

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This Proxy Statement is furnished in connection with the solicitation of proxies on behalf of the Board of Directors of Sykes Enterprises, Incorporated (the "Company") for the Annual Meeting of Shareholders (the "Annual Meeting") to be held at the Tampa Marriott Waterside, 700 South Florida Avenue, Tampa, Florida, on Friday April 26, 2002, at 10:00 a.m., Eastern Daylight Savings Time, or any adjournment or postponement of the Annual Meeting.

If the accompanying proxy form ("Proxy") is completed, signed, dated, returned to the Company, and not revoked, the shares represented by the Proxy will be voted at the Annual Meeting as directed by the shareholder on the Proxy. The giving of the Proxy does not affect the right to vote in person if the shareholder attends the Annual Meeting. The shareholder may revoke the Proxy at any time prior to the voting of the shares represented by the Proxy.

This Proxy Statement and the annual report to shareholders of the Company for the year ended December 31, 2001, are first being mailed on or about March 26, 2002, to shareholders entitled to vote at the Annual Meeting.

**SHAREHOLDERS ENTITLED TO VOTE**

The record date for the Annual Meeting is March 14, 2002. Only shareholders of record as of the close of business on the record date are entitled to notice of the Annual Meeting and to vote at the Annual Meeting. As of the record date, 40,357,922 shares of common stock were outstanding and entitled to vote at the Annual Meeting.

Votes cast by proxy or in person at the Annual Meeting will be tabulated by the inspector of elections appointed for the Annual Meeting, who will also determine whether a quorum is present for the transaction of business. The Company's Bylaws provide that a quorum is present if the holders of a majority of the issued and outstanding shares of common stock entitled to vote at the meeting are present in person or represented by proxy. Abstentions will be counted as shares that are present and entitled to vote for purposes of determining whether a quorum is present. Shares held by nominees for beneficial owners will also be counted for purposes of determining whether a quorum is present if the nominee has the discretion to vote on at least one of the matters presented, even though the nominee may not exercise discretionary voting power with respect to other matters and even though voting instructions have not been received from the beneficial owner (a "broker non-

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vote”). Abstentions and broker non-votes are not counted in determining whether a proposal has been approved.

Shareholders are requested to vote by completing the enclosed Proxy and returning it signed and dated in the enclosed postage-paid envelope. Shareholders are urged to indicate their votes in the spaces provided on the Proxy. Proxies solicited by the Board of Directors of the Company will be voted in accordance with the directions given in the Proxy. Where no instructions are indicated, signed Proxies will be voted FOR each of the proposals listed in the Notice of Annual Meeting of Shareholders. Returning your completed Proxy will not prevent you from voting in person at the Annual Meeting, should you be present and wish to do so.

Any shareholder giving a Proxy has the power to revoke it at any time before it is exercised by:

- filing with the Secretary of the Company written notice of revocation,
- submitting a duly executed Proxy bearing a later date than the previous Proxy, or
- appearing at the Annual Meeting and giving the Secretary notice of his or her intention to vote in person.

Proxies solicited by this Proxy Statement may be exercised only at the Annual Meeting and any adjournment of the Annual Meeting and will not be used for any other meeting. Proxies solicited by this Proxy Statement will be returned to the Board of Directors and will be tabulated by an inspector of elections designated by the Board of Directors who will not be employed by the Company or any of its affiliates.

The cost of solicitation of Proxies by mail on behalf of the Board of Directors will be borne by the Company. Proxies also may be solicited by personal interview or by telephone by directors, officers, and other employees of the Company without additional compensation. The Company also has made arrangements with brokerage firms, banks, nominees, and other fiduciaries who held shares on behalf of others to forward proxy solicitation materials to the beneficial owners of such shares. The Company will reimburse such record holders for their reasonable out-of-pocket expenses.

## **PROPOSAL 1:**

### **ELECTION OF DIRECTORS**

**The Board of Directors recommends the following nominees for election as directors and urges each shareholder to vote “FOR” the nominees. Executed proxies in the accompanying form will be voted at the annual meeting in favor of the election as directors of the nominees named below, unless authority to do so is withheld.**

The Company’s Board of Directors is divided into three classes (designated “CLASS I,” “CLASS II,” and “CLASS III”), as nearly equal in number as possible, with each class serving three-year terms expiring at the third annual meeting of shareholders after their elections. The term of the four current CLASS I directors expires at the 2002 Annual Meeting of Shareholders. Additionally, the Florida Business Corporation Act requires that any director elected by the Board of Directors to fill a vacancy on the Board must stand for re-election at the next Annual Meeting of the shareholders. One director was elected by the Board since the last annual meeting to fill a vacancy in a class whose term does not expire, but pursuant to Florida law, will stand for re-election at the Annual Meeting.

Three CLASS I directors will be elected at the Annual Meeting to serve until their terms expire at the 2005 Annual Meeting of Shareholders, and one CLASS II director and one CLASS III director will be

elected at the Annual Meeting to fill vacancies which will exist in those classes, which directors will serve until their terms expire at the 2004 and 2003 Annual Meeting of Shareholders, respectively (and in each case, until their respective successors are elected and qualified).

In the event any nominee is unable to serve, the persons designated as proxies will cast votes for such other person in their discretion as a substitute nominee. The Board of Directors has no reason to believe that the nominees named below will be unavailable, or if elected, will decline to serve.

Under Florida law, if a quorum exists, directors are elected by a plurality of the votes cast by the shares entitled to vote in the election.

**CLASS I — TERM EXPIRES AT THE 2002 ANNUAL MEETING**

<b>Name</b>	<b>Age</b>	<b>Principal Occupation and Other Information</b>
Gordon H. Loetz (Nominated for re-election to Class I with a term to expire at the 2005 Annual Meeting)	52	Gordon H. Loetz was elected to the Company's Board of Directors in 1993 and currently serves as Vice Chairman of the Board of Directors. From February 1999 through December 31, 2001, Mr. Loetz served as director and President of Sykes Financial Services, Inc., a wholly owned subsidiary of the Company. From November 1997 through February 1999, Mr. Loetz served as the Company's Executive Vice President and Chief Operating Officer. Prior to November 1997, Mr. Loetz served as the President of CFS Insurance Agency, Inc. In addition, Mr. Loetz founded Comprehensive Financial Services, a financial investment advisory company.
Ernest J. Milani (Nominated to fill a vacancy in Class III with a term to expire at the 2003 Annual Meeting)	72	Ernest J. Milani was elected to the Company's board of Directors in April 1996 and is Chairman of the Compensation Committee, the Stock Option Committee and of the Nominating Committee. Until 1996, Mr. Milani held various positions with CDI Corporation, a publicly held provider of engineering and technical services, most recently as President of CDI Corporation Northeast and CDI Technical Services Ltd., both of which are subsidiaries of CDI Corporation. Following his retirement in 1996, Mr. Milani founded E.J. Milani Consulting Corp., a management and marketing consulting firm, where he is currently serving as president and CEO.

Name	Age	Principal Occupation and Other Information
Thomas F. Skelly (Nominated to fill a vacancy in Class II with a term to expire at the 2004 Annual Meeting)	68	Thomas F. Skelly was appointed to the Board of Directors in July 2000 and is a member of the Audit Committee. Previously, Mr. Skelly served as the Senior Vice President of Finance and Chief Financial Officer of the Gillette Company for 17 years, before retiring in 1997. Mr. Skelly also serves on the Board of Trustees for Northeastern University and serves on the Board of Directors of Signal Technology Corporation.
Peter C. Browning (Nominated for election to Class I with a term to expire at the 2005 Annual Meeting)	60	Peter C. Browning was elected to the Company's Board of Directors in March 2002. He currently serves as Dean of the McColl School of Business, Queens College in Charlotte, N.C. He is also currently serving as Non-Executive Chairman of Nucor Corporation, the largest steel producer in North America. Mr. Browning previously served in various executive capacities with Continental Can Company and National Gypsum Company. Mr. Browning was employed with Sonoco Products Company from October 1993 through July 2000, where he held several positions, most recently serving as Sonoco's President and Chief Executive Officer. Mr. Browning serves on the Board of Directors of Wachovia Corporation, Lowe's Companies, Inc., The Phoenix Companies and Acuity Brands, as well as several non-profit organizations including the Board of Trustees of the Presbyterian Hospital Foundation, and the Executive Board of the Mecklenburg County Council, Boy Scouts of America.

**CLASS II — INTERIM TERM OF DIRECTOR ELECTED TO FILL VACANCY  
EXPIRES AT THE 2002 ANNUAL MEETING**

Name	Age	Principal Occupation and Other Information
Hugh L. McColl, Jr. (Nominated to fill a vacancy in Class I with a term to expire at the 2005 Annual Meeting)	66	Hugh L. McColl, Jr., retired Chairman and Chief Executive Officer of Bank of America, was appointed to the Board of Directors in January 2002. Following his retirement from Bank of America in 2001, Mr. McColl co-founded McColl Partners LLC, a merger and acquisitions advisory services company, and currently serves as Chairman. Mr. McColl also serves on the Board of Ruddick Corporation, Sonoco Products Company, Cousins Properties, Inc. and General Parts, Inc. He is a member of the Board of Trustees at the University of North Carolina at Chapel Hill, his alma mater, and is Chairman of the Board of Trustees at Queens College.

**DIRECTORS WHOSE TERMS OF OFFICE CONTINUE**

**CLASS II — TERM EXPIRES AT THE 2004 ANNUAL MEETING**

Name	Age	Principal Occupation and Other Information
H. Parks Helms	66	H. Parks Helms has served as a director of the Company since its inception in 1977 and is a member of the Audit Committee. Mr. Helms is President and Managing Partner of the law firm of Helms, Cannon, Henderson & Porter, P.A., in Charlotte, North Carolina and has been with the firm for more than the past five years. Mr. Helms has held numerous political appointments and elected positions, including as a member of the North Carolina House of Representatives. He currently is Chairman of the Mecklenburg County, North Carolina Board of County Commissioners.

Name	Age	Principal Occupation and Other Information
Linda McClintock-Greco, M.D.	47	Linda McClintock-Greco, M.D. was elected to the Board of Directors of the Company in May of 1998 and is a member of the Compensation Committee, the Stock Option Committee, and the Nominating Committee. Since 1998, Dr. McClintock-Greco has been the President and Chief Executive Officer of Greco & Assoc. Consulting, a healthcare consulting firm, and in that capacity serves as the vice president of Medical Affairs for Entrusted Healthcare Management Services for the State of Florida. Until 1998, she served as Chief Executive Officer and Chief Medical Officer of Tampa General HealthPlan, Inc. (HealthEase) and had spent the past 11 years in the health care industry as both a private practitioner in Texas and a managed care executive serving as the Regional Medical Director with Humana Health Care Plan. Dr. McClintock-Greco serves on the Board of Directors of the Florida Association of Managed Care Organizations (FAMCO) currently acting as Treasurer. Dr. McClintock-Greco also serves on the board of several charitable organizations.

**CLASS III — TERM EXPIRES AT THE 2003 ANNUAL MEETING**

Name	Age	Principal Occupation and Other Information
John H. Sykes	65	John H. Sykes has been Chairman of the Board of Directors of the Company since its inception in 1977. He also served as President and Chief Executive Officer of the Company from inception until December 1998, and has resumed these functions from November 2000 to the present. Previously, Mr. Sykes was Senior Vice President of CDI Corporation, a publicly held technical services firm.
Furman P. Bodenheimer, Jr.	72	Furman P. Bodenheimer, Jr. was elected to the Board of Directors of the Company in 1991 and is a member of the Compensation, Nominating and Stock Option Committees. Mr. Bodenheimer has been President and Chief Executive Officer of Zickgraf Enterprises, Inc. and Nantahala Lumber in Franklin, North Carolina for more than the past five years.

Name	Age	Principal Occupation and Other Information
William J. Meurer	58	William J. Meurer was elected to the Board of Directors in October 2000 and is a member and Chairman of the Audit Committee. Previously, Mr. Meurer was employed 35 years with Arthur Andersen LLP where he served most recently as the Managing Partner for Arthur Andersen's Central Florida operations. Mr. Meurer also serves on the Board of Trustees for St. Josephs Baptist Health Care and as a member of the Board of Directors of Tribridge, Inc.

**PROPOSAL 2:**

**RATIFICATION OF INDEPENDENT PUBLIC ACCOUNTANTS**

**The Board of Directors recommends the ratification of Deloitte & Touche LLP as the principal independent public accountants for the year 2002 and urges each shareholder to vote "FOR" the ratification. Executed proxies in the accompanying form will be voted at the annual meeting in favor of the ratification of the independent public accountants, unless authority to do so is withheld.**

The Company has appointed, subject to shareholder approval, Deloitte & Touche LLP to serve as the principal independent public accountants for the Company in the year 2002. Although not required, the Board of Directors is submitting its selection of Deloitte & Touche as the Company's independent public accountants to the shareholders for ratification as a matter of good corporate practice. In the event of a negative vote by the shareholders on such ratification, the Board of Directors will consider that vote in the review of its future selection of accountants.

**Report of the Audit Committee**

The Audit Committee consists of three non-employee directors, William J. Meurer, as chairman, H. Parks Helms and Thomas F. Skelly, each of whom has been determined to be independent under the National Association of Securities Dealers' Listing Standards. The Committee oversees the Company's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process including the systems of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed the audited financial statements in the Annual Report with management including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Audit Committee reviewed with the independent auditors, who are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Committee under generally accepted auditing standards. The Company's independent accountants provided to the Audit Committee the written disclosure required by Independence Standards Board Standard No. 1, "Independence Discussions with Audit Committees." In

addition, the Audit Committee has discussed with the independent auditors the auditors' independence from management and the Company including the matters in the written disclosures required by the Independence Standards Board and considered compatibility of nonaudit services with the auditors' independence.

The Audit Committee discussed with the independent accountants matters required to be discussed by Statement on Auditing Standards No. 61, "Communication with Audit Committees." The Audit Committee also discussed with the Company's internal and independent auditors the overall scope and plans for their respective audits. The Committee meets with the internal and independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting. The Audit Committee held 8 meetings during the fiscal year 2001.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Company's Board of Directors, and the Board has approved, that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2001 for filing with the Securities and Exchange Commission. The Audit Committee and the Board have also recommended, subject to shareholder approval, the selection of the Company's independent auditors.

William J. Meurer, Audit Committee Chair  
H. Parks Helms, Audit Committee Member  
Thomas F. Skelly, Audit Committee Member

March 15, 2002

### **INDEPENDENT PUBLIC ACCOUNTANTS**

On March 14, 2001, with the approval of the Audit Committee and the concurrence of the Board of Directors, the Company engaged Deloitte & Touche LLP as its principal accountant to audit the 2001 consolidated financial statements of the Company for the year ended December 31, 2001. The Company dismissed Ernst & Young LLP on March 14, 2001 as its principal accountant, effective upon its completion of its audit of the Company's consolidated financial statements for the year ended December 31, 2000. Prior to the engagement of Deloitte & Touche LLP, Ernst & Young LLP has served as the principal accountant to audit the Company's consolidated financial statements since January 14, 1999.

Ernst & Young LLP audited the Company's consolidated financial statements for the years ended December 31, 2000, 1999 and 1998, and will issue its audit report dated February 15, 2001 for fiscal year 2000, and has issued audit reports dated February 7, 2000 except for Note 1 as to which the date is October 30, 2000 for fiscal year 1999, and March 5, 1999 for fiscal year 1998. During the two most recent fiscal years and the subsequent interim period preceding March 14, 2001 (date of dismissal), no report of Ernst & Young LLP on the Company's consolidated financial statements contained an adverse opinion or a disclaimer of opinion, nor was one qualified as to uncertainty, audit scope, or accounting principles, except that the report dated February 15, 2001 for the year ended December 31, 2000 was modified as to the change in the method of accounting for certain grants and revenues and the report as reissued on October 30, 2000 for the year ended December 31, 1999 included modifications relating to a restatement with respect to the revenue recognition of certain contracts.

During the fiscal year 2000 and the subsequent interim period preceding March 14, 2001 (date of dismissal), there were no disagreements with Ernst & Young LLP on any matter of accounting principles or

practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Ernst & Young LLP, would have caused Ernst & Young LLP to make a reference to the subject matter of the disagreements in connection with its report on the Company's consolidated financial statements for any such periods. Ernst & Young LLP has furnished the Company with a letter addressed to the Securities and Exchange Commission stating that it agrees with the above statements.

During 2000, the Company engaged Deloitte & Touche LLP to perform certain internal audit outsourcing services through December 31, 2001. Neither the Company nor anyone on its behalf has consulted with Deloitte & Touche LLP regarding either: (a) the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered on the Company's consolidated financial statements, and neither a written report nor oral advice was provided to the Company that Deloitte & Touche LLP concluded was an important factor considered by the Company in reaching a decision as to an accounting, auditing or financial reporting issue; or (b) any matter that was the subject of either a disagreement or any other event described above.

The Audit Committee has determined that the services provided by Deloitte & Touche LLP which were not directly related to the most recent audit, are compatible with maintaining the principal accountant's independence.

The fees charged by Deloitte & Touche LLP for professional services rendered in connection with all audit and non-audit related matters for the year ended December 31, 2001 were as follows:

- Audit Fees — \$432,411
  
- Audit Related Services Fees (includes statutory and stand-alone audits of certain subsidiaries, and audits of employee benefit plans) — \$789,330
  
- Financial Information Systems Design and Implementation Fees — None
  
- All Other Fees — \$1,382,548

Representatives of Deloitte & Touche LLP are expected to be present at the Annual Meeting. Those representatives will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

## **BOARD OF DIRECTORS**

### **Directors' Compensation**

Directors who are executive officers of the Company receive no compensation for service as members of either the Board of Directors or any committees of the Board. Directors who are not employees of the Company receive (as of the first business day of each calendar year) an annual fee of \$25,000, payable in cash or shares of common stock based on the fair market value of the common stock on the date of payment at the election of each director, plus \$1,250 per Board and committee meeting attended, and \$500 per telephone conference meeting that last at least one hour. Chairpersons of committees receive \$2,000 per committee meeting attended. Directors who are not employees of the Company also receive options to purchase 25,000 shares of common stock upon their initial election to the Board and options to purchase 10,000 shares of common stock annually thereafter under the Company's 1996 Non-Employee Director Stock Option Plan. Directors also receive an ad hoc fee of \$1,000 per day for extra tasks requested by the Chairman of the Board.

## **Board of Directors' Affiliated Transactions**

During the year ended December 31, 2001 the Company paid \$756,000 to JHS Leasing of Tampa, Inc., an entity owned by Mr. John H. Sykes for the use of its corporate aircraft.

The Board of Directors determined that a note receivable of \$412,000 due from John H. Sykes was a corporate expense to be forgiven and, accordingly charged the amount against income for the year ended December 31, 2001.

The Company paid JHS Equity, LLC, an entity in which Mr. John H. Sykes holds an 80% equity interest, approximately \$470,000 for management and site development services for the year ended December 31, 2001. This arrangement was terminated in July 2001.

Mr. Loetz received broker commissions of approximately \$25,000 during the year ended December 31, 2001, from the Company's 401k investment firm. In addition, Mr. Loetz received commissions of approximately \$75,000 during the year ended December 31, 2001 for the placement of the Company's various corporate insurance programs.

The Company paid Greco & Associates Consulting, an entity owned solely by Dr. Linda McClintock-Greco, approximately \$52,000 in fees and expenses for consulting services relating to large case management review and network development in connection with the Company's health plan.

## **Committees of the Board of Directors and Meeting Attendance**

During 2001, the Board of Directors held 13 meetings. The Board of Directors also took certain actions by unanimous written consent in lieu of a meeting, as permitted by Florida law. The Board of Directors has established the following committees whose responsibilities are summarized as follows:

*Audit Committee.* The Audit Committee is comprised of Mr. Helms, Mr. Meurer and Mr. Skelly and is responsible for reviewing the independence, qualifications, and activities of the Company's independent certified accountants and the Company's financial policies, control procedures, and accounting staff. The Audit Committee is also responsible for the review of transactions between the Company and any Company officer, director, or entity in which a Company officer or director has a material interest. During the year ended December 31, 2001, the Audit Committee held 8 meetings, which were each attended by all of the members of the committee. The Audit Committee is governed by a written charter approved by the Board of Directors.

*Compensation Committee.* The Compensation Committee is comprised of Mr. Bodenheimer, Dr. Greco, and Mr. Milani and is responsible for establishing the compensation of the Company's senior management, including salaries, bonuses, termination arrangements, and other executive officer benefits. During the year ended December 31, 2001, the Compensation Committee held 3 meetings, which were each attended by all of the members of the committee.

*Nominating Committee.* The Nominating Committee is comprised of Dr. Greco, Mr. Bodenheimer and Mr. Milani. The Nominating Committee is responsible for reviewing the structure and membership of the Board of Directors and identifying and recommending candidates for membership to the Board of Directors. During the year ended December 31, 2001, the Nominating Committee held 1 meeting, which was attended by all of the members of the committee. Nominations for directors may also be made by any shareholder of the Company entitled to vote for the election of directors at the annual meeting of the shareholders. Any shareholder nominating an individual for election as a director must provide notice to the Secretary of the Company, which notice must be received at the principal business office of the Company no later than the

date designated for receipt of shareholders' proposals in a prior public disclosure made by the Company. If there has been no such prior public disclosure, then to be timely, a shareholder's nomination must be delivered to or mailed and received at the principal business office of the Company not less than sixty days nor more than ninety days prior to the annual meeting of shareholders; provided, however, that in the event that less than seventy days' notice of the date of the meeting is given to the shareholders or prior public disclosure of the date of the meeting is made, notice by the shareholder to be timely must be so received not later than the close of business on the tenth day following the day on which such notice of the annual meeting was mailed or such public disclosure was made. A shareholder's notice of nomination must set forth the information regarding the nominating shareholder and the individual nominated for director as described in the Company's by-laws.

*Stock Option Committee.* The Stock Option Committee is comprised of Mr. Bodenheimer, Dr. Greco, and Mr. Milani and is responsible for granting stock options under the Company's various stock option plans. During the year ended December 31, 2001, the Stock Option Committee held 3 meetings, which were each attended by all of the members of the committee.

#### **Compensation Committee Interlocks and Insider Participation**

As referenced above, the Compensation Committee is comprised of Mr. Bodenheimer, Dr. Greco and Mr. Milani. During fiscal year ended December 31, 2001, the Company paid Greco & Associates Consulting, an entity owned solely by Dr. Greco, approximately \$52,000 in fees and expenses for consulting services relating to large case management review and network development in connection with the Company's health plan.

## SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING REQUIREMENTS

During the year ended December 31, 2001, the executive officers and directors of the Company filed with the Securities and Exchange Commission (the "Commission") on a timely basis all required reports relating to transactions involving equity securities of the Company beneficially owned by them. The Company has relied solely on the written representation of its executive officers and directors and copies of the reports they have filed with the Commission in providing this information.

### PRINCIPAL SHAREHOLDERS

The following table sets forth certain information regarding the beneficial ownership of Common Stock as of the Record Date with respect to, (i) each of the Company's directors and nominees, (ii) each of the Company's executive officers named in the Summary Compensation Table below, (iii) all directors and executive officers of the Company as a group, and (iv) each person known by the Company to own beneficially more than 5% of the Common Stock. Except as otherwise indicated, each of the shareholders listed below has sole voting and investment power over the shares beneficially owned.

Name	Beneficially Owned	
	Shares	Percent
John H. Sykes(1)	16,024,475	38.7%
Becker Capital Management, Inc.(2)	2,381,850	5.9%
Barclays(3)	2,151,928	5.3%
W. Michael Kipphut(4)	221,534	*
Gordon H. Loetz(5)	123,984	*
Gerry L. Rogers(6)	110,000	*
Furman P. Bodenheimer, Jr.(7)	94,388	*
Harry A. Jackson, Jr.(8)	86,668	*
H. Parks Helms(9)	63,014	*
Charles E. Sykes(10)	42,500	*
Ernest J. Milani(11)	39,050	*
Linda McClintock-Greco(12)	23,622	*
William J. Meurer(13)	10,634	*
Thomas F. Skelly(14)	7,761	*
Hugh L. McColl, Jr.	1,353	*
Peter C. Browning	—	*
All directors and executive officers as a group (17) persons	16,895,606	40.1%

\* Less than 1.0%

- (1) Includes the following shares over which Mr. Sykes retains voting and investment power: (i) 14,940,006 shares owned by Mr. Sykes through Jopar Investments Limited Partnership, a North Carolina limited partnership in which Mr. Sykes is the sole limited partner and the sole shareholder of the limited partnership's sole general partner; and (ii) 44,469 shares owned by various trusts for the benefit of Mr. Sykes' children. Excludes 7,950 shares owned by Mr. Sykes' wife, as to which Mr. Sykes disclaims beneficial ownership. Mr. Sykes' business address is 100 North Tampa Street, Suite 3900, Tampa, Florida 33602.
- (2) Based upon information included in the Schedule 13G, dated February 6, 2002, as filed with the Securities and Exchange Commission by Becker Capital Management, Inc., an investment advisor.

- According to the Schedule 13G, Becker Capital Management has sole voting power over 2,042,950 shares and sole dispositive power over 2,381,850 shares, and all of the shares are owned by advisory clients of Becker Capital Management, which disclaims beneficial ownership of all such shares. The address of Becker Capital Management is 1211 SW Fifth Avenue, Suite 2185, Portland, OR 97204.
- (3) Based upon information included in the Schedule 13G, dated February 8, 2002, as filed with the Securities and Exchange Commission by Barclays Global Investors, N.A., Barclays Global Fund Advisors and Barclays Global Investors, LTD. According to the Schedule 13G, Barclays Global Investors, N.A. has sole voting power over 1,863,730 shares and sole dispositive power over 1,953,810 shares; Barclays Global Fund Advisors has sole voting and dispositive power over 195,558 shares; and Barclays Global Investors, LTD has sole voting and dispositive power over 2,560 shares. The address of Barclays Global Investors, N.A. and Barclays Global Fund Advisors is 45 Fremont Street, San Francisco, CA 94105, and the address of Barclays Global Investors, LTD is Murray House, 1 Royal Mint Court, London, England EC3 NHH.
  - (4) Includes 218,334 shares of Sykes Common Stock issuable upon the exercise of stock options that are exercisable within 60 days of the Record Date.
  - (5) Includes 112,500 shares of Sykes Common Stock issuable upon the exercise of stock options that are exercisable within 60 days of the Record Date.
  - (6) Includes 110,000 shares of Sykes Common Stock issuable upon the exercise of stock options that are exercisable within 60 days of the Record Date.
  - (7) Includes 40,000 shares of Sykes Common Stock issuable upon the exercise of stock options that are exercisable within 60 days of the Record Date.
  - (8) Includes 86,668 shares of Sykes Common Stock issuable upon the exercise of stock options that are exercisable within 60 days of the Record Date.
  - (9) Includes 32,500 shares of Sykes Common Stock issuable upon the exercise of stock options that are exercisable within 60 days of the Record Date. Includes 600 shares of Sykes Common Stock owned by Mr. Helms' wife in an IRA in which Mr. Helms is a beneficiary.
  - (10) Includes 42,500 shares of Sykes Common Stock issuable upon the exercise of stock options that are exercisable within 60 days of the Record Date.
  - (11) Includes 32,500 shares of Sykes Common Stock issuable upon the exercise of stock options that are exercisable within 60 days of the Record Date.
  - (12) Includes 18,334 shares of Sykes Common Stock issuable upon the exercise of stock options that are exercisable within 60 days of the Record Date.
  - (13) Includes 5,000 shares of Sykes Common Stock issuable upon the exercise of stock options that are exercisable within 60 days of the Record Date.
  - (14) Includes 2,500 shares of Sykes Common Stock issuable upon the exercise of stock options that are exercisable within 60 days of the Record Date.
-

## EXECUTIVE COMPENSATION

The following table sets forth certain information for the years ended December 31, 2001, 2000, and 1999 concerning compensation paid to or earned by the Company's Chief Executive Officer, the former Group Executive and Executive Vice President — Business Services and each of the Company's four other most highly compensated executive officers who earned more than \$100,000 for the year ended December 31, 2001.

### SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation	
		Salary	Bonus	Other Annual Compensation(1)	Securities Underlying Options	All Other Compensation(2)
John H. Sykes	2001	\$550,000	\$ —	—	—	\$32,904
Chairman of the Board and	2000	550,000	130,185	—	—	23,879
Chief Executive Officer	1999	478,423	—	—	—	32,201
W. Michael Kipphut(3)	2001	\$290,000	\$200,000	—	—	\$ 5,448
Group Executive, Senior Vice	2000	168,845	—	—	—	1,567
President — Finance						
Charles E. Sykes(4)	2001	\$148,437	\$ 46,525	—	—	\$ 2,885
General Manager, Senior Vice President —						
Americas						
Harry A. Jackson, Jr.(5)	2001	\$169,600	\$ 29,058	—	—	\$27,804
General Manager, Senior Vice President —						
EMEA						
Gerry L. Rogers(6)	2001	\$193,857	\$ 50,000	—	—	\$ 5,124
Group Executive,	2000	191,318	60,000	—	—	5,042
Senior Vice President —	1999	160,567	—	—	—	34,124
Chief Information Officer						
James E. Lamar(7)	2001	\$248,340	\$ 87,000	—	—	\$11,278
Group Executive and	2000	217,374	60,000	—	—	64,868
Executive Vice President —	1999	116,185	—	—	—	17,546
Business Services						

- (1) Does not include the value of the perquisites provided to certain of the named executive officers which in the aggregate did not exceed the lesser of \$50,000 or 10% of such officer's salary and bonus.
- (2) The compensation shown as "All Other Compensation" for 2001 consists of the following: (i) the Company's matching contribution to the Sykes Enterprises, Incorporated Employees' Savings Plan and Trust in the amount of \$3,363 for Mr. John Sykes, \$4,651 for Mr. Kipphut, \$2,285 for Mr. Jackson and \$3,380 for Mr. Rogers; (ii) the excess group term life insurance in the amount of \$6,858 for Mr. John Sykes, \$797 for Mr. Kipphut, \$260 for Mr. Charles Sykes, \$519 for Mr. Jackson, \$1,744 for Mr. Rogers and \$1153 for Mr. Lamar; (iii) the actuarial equivalent of benefits to employees from payment of annual premiums by the Company under the split-dollar life insurance program in the amount of \$22,683 for Mr. John Sykes and \$2,625 for Mr. Charles Sykes; (iv) severance payments in the amount of \$10,125 to Mr. Lamar in connection with his Employment Separation Agreement dated July 5, 2001; and (v) a living allowance in the amount of \$25,000 for Mr. Jackson.

- (3) Mr. Kipphut joined the Company as Vice President and Chief Financial Officer in March 2000, and was named Group Executive, Senior Vice President — Finance in June 2001.
- (4) Mr. Charles E. Sykes, son of John H. Sykes, joined the Company in 1986 and was named General Manager, Senior Vice President — Americas in June 2001.
- (5) Mr. Jackson joined the Company in 1997 and was named General Manager, Senior Vice President — EMEA in June 2001.
- (6) Mr. Rogers joined the Company as Group Vice President, North America in February 1999, and was named Group Executive, Senior Vice President — Chief Information Officer in July 2000. From March 1999 until June 2000, Mr. Rogers was Group Executive and Senior Vice President — The Americas.
- (7) Mr. Lamar resigned as Group Executive and Executive Vice President — Business Services in July 2001. For more information, see “Employment Agreements.”

The following table sets forth information with respect to grants of stock options during 2001 to the executive officers named in the Summary Compensation Table.

### OPTION GRANTS IN LAST FISCAL YEAR

	Individual Grants					Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term	
	Number of Securities Underlying Options Granted(#)	Percentage of Total Options Granted to Employees in 2001	Exercise Price (\$/Share)	Market Price of Underlying Security on Date of Grant	Expiration Date	5%(\$)	10%(\$)
John H. Sykes	—	—	—	—	—	—	—
W. Michael Kipphut(1)	25,000	5.0%	\$5.79	\$6.17	10/1/11	\$106,607	\$ 255,435
W. Michael Kipphut(2)	100,000	20.2%	\$5.79	\$6.17	10/1/11	\$426,428	\$1,021,739
Charles E. Sykes	—	—	—	—	—	—	—
Harry A. Jackson, Jr.	—	—	—	—	—	—	—
Gerry L. Rogers	—	—	—	—	—	—	—
James E. Lamar	—	—	—	—	—	—	—

- (1) Options granted under the Company’s 2001 Equity Incentive Plan, all of which vested immediately and became exercisable upon execution of the Amended and Restated Employment Agreement between the Company and Mr. Kipphut dated as of October 1, 2001.
- (2) Options granted under the Company’s 2001 Equity Incentive Plan, all of which vest and become exercisable four years after the date of grant, subject to accelerated vesting and exercisability upon satisfaction of certain performance objectives.

The following table sets forth information with respect to the aggregate stock option exercises by the executive officers named in the Summary Compensation Table during 2001 and the year-end value of unexercised options held by such executive officers.

**AGGREGATE OPTION EXERCISES IN LAST FISCAL YEAR AND  
FISCAL YEAR-END OPTION VALUES**

	Shares Acquired on		Number of Unexercised Options at Fiscal Year End		Value of Unexercised In-The-Money Options At Fiscal Year End(1)	
	Exercise(#)	Value Realized	Exercisable	Unexercisable	Exercisable	Unexercisable
John H. Sykes	—	—	540,000	480,000	\$ —	\$ —
W. Michael Kipphut	—	—	201,667	133,333	\$617,850	\$355,400
Charles E. Sykes	—	—	42,500	—	\$195,200	\$ —
Harry A. Jackson, Jr.	—	—	68,335	26,999	\$264,500	\$ —
Gerry L. Rogers	—	—	85,000	25,000	\$185,150	\$ —
James E. Lamar(2)	—	—	—	—	\$ —	\$ —

- (1) Based upon the closing price of \$9.34 per share of common stock on December 31, 2001, as reported in the Nasdaq National Market.
- (2) Mr. Lamar resigned as Group Executive, and Executive Vice President — Business Services of the Company in July 2001. Pursuant to the terms of the Employment Separation Agreement dated as of July 5, 2001, all of Mr. Lamar's options have expired. For more information, see "Employment Agreements".

**EMPLOYMENT AGREEMENTS**

*John H. Sykes.* On October 1, 2001, the Company entered into an amended and restated employment agreement with John H. Sykes, the Company's Chairman of the Board, President, and Chief Executive Officer, which replaced his employment agreement dated March 6, 2000. The employment agreement provides for an initial term of five years and automatically renews for successive one-year terms, unless terminated by either party with 180 day's prior notice. Mr. Sykes' initial base salary is \$550,000 until December 31, 2002, with the base salary increasing as determined by the Board of Directors. The annual base salary, however, shall be increased at least 30% on October 1, 2003, shall be increased by at least another 15% on the fourth anniversary of the agreement (October 1, 2005) and shall be increased by at least another 15% on each bi-annual (i.e. two year) anniversary thereafter. Mr. Sykes is also entitled to performance bonuses as determined by the Compensation Committee and to participate in such bonus programs and other benefit plans as are generally made available to other executive officers of the Company. Additionally, at the end of each fiscal year, the Board of Directors, in their discretion, may award Mr. Sykes a bonus based upon his performance during such fiscal year.

If the agreement is terminated by the Company for any reason other than for cause (as defined therein), death or disability, the Company shall continue to pay the full amount of Mr. Sykes' annual base salary throughout the Initial Term or any Successor Term. Mr. Sykes shall also continue to receive the full amount of his annual base salary throughout the Initial Term or any Successor Term in the event there is: (i) a change of control, (ii) a good faith determination by Mr. Sykes that the Company has breached the employment agreement, (iii) a material adverse change in working conditions or status, (iv) the deletion of, or change in,

any of the titles of Chairman of the Board, CEO or President, (v) a significant relocation of Mr. Sykes' principal office, (vi) a significant increase in travel requirements, or (vii) an impairment of Mr. Sykes' health to an extent that makes the continued performance of his duties hereunder hazardous to his physical or mental health or his life. During the term of his employment with the Company, Mr. Sykes shall not, in any area in which the Company's business is then conducted, directly or indirectly compete with the Company.

A "change of control" shall be deemed to have occurred if, (i) any person (other than Mr. Sykes) beneficially owns 20% or more of the outstanding shares of voting capital stock; (ii) the sale or transfer of greater than 50% of the book value of the Company's assets; (iii) the merger, consolidation, share exchange, or reorganization 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 50% of the voting power of the capital stock of the surviving corporation; (iv) the adoption of a plan of liquidation or the approval of the dissolution of the Company; (v) the commencement of a tender offer which, if successful, would result in a change of control; or (vi) a determination by the Board of Directors, in view of then current circumstances or impending events, that a change of control has occurred or is imminent.

Upon termination for any reason, including cause, benefits continue during the lifetime of Mr. Sykes and the lifetime of his spouse if he is married at the time of his death. Benefits include all employee benefit plans and programs in which Mr. Sykes was entitled to participate immediately before termination. If the Company determines that resources are then reasonably available, the Company will also provide Mr. Sykes with an office and a secretary at the Company's headquarters.

*W. Michael Kipphut.* On October 1, 2001, the Company entered into an amended and restated employment agreement with W. Michael Kipphut, which replaced his employment agreement dated March 6, 2000, as amended on November 8, 2000. Mr. Kipphut serves as Group Executive, Senior Vice President and Chief Financial Officer. The term of the agreement expires on March 5, 2004, but will automatically be renewed for successive two-year terms unless one of the parties provides written notice of its intent not to renew the agreement at least 60 days prior to the expiration of the initial term or any renewal term. Mr. Kipphut's annual base salary is \$290,000 through March 5, 2002, and \$335,000 from March 6, 2002, through the end of the term of the agreement, subject to increase at the Company's discretion. If Mr. Kipphut's employment is terminated prior to the expiration of the initial or any renewal term for any reason other than death, disability, or cause, as defined in the agreement, the Company will pay Mr. Kipphut all salary and bonuses, and provide to Mr. Kipphut all benefits, provided for in the agreement throughout the term of the agreement, and thereafter the Company will pay Mr. Kipphut a non-compete payment for a period of 52 weeks equal to \$5,576.92 per week if the termination occurs on or before March 5, 2002, or \$6,442.31 per week if the termination occurs between March 6, 2002 and the end of the initial term or any renewal term. The non-compete payment is in consideration for Mr. Kipphut's agreement to refrain from competing directly or indirectly with the Company for a period of 52 weeks after the end of the term of the agreement in any area in which the Company's business is then conducted. In the event that the Company chooses to release Mr. Kipphut from the non-compete provisions of the agreement at any time after the end of the term of the agreement, the Company will not have to pay any non-compete payments which would otherwise be due thereafter. The agreement provides that if Mr. Kipphut's employment is terminated prior to the end of the initial term or a renewal term by the Company for cause or by Mr. Kipphut, during the remaining term of the agreement and for a period of one year thereafter Mr. Kipphut may not, in any area in which the Company's business is then conducted, directly or indirectly, compete with the Company, but the Company will not be required to pay the non-compete payment. The Company may terminate the agreement and Mr. Kipphut's employment at any time for cause. In the event of Mr. Kipphut's death, the agreement will terminate and his

estate will be paid all unpaid base salary and bonus and all accrued but unused vacation time through the date of death. In the event of his disability, the Company may, at its option, terminate the agreement and his employment on 30 days' written notice. Mr. Kipphut also is entitled to a performance bonus up to 75% of his base salary based upon the achievement of specified goals as determined by the Compensation Committee, and to participate in such other bonus programs and benefit plans as are generally made available to other executive officers of the Company. The agreement contains customary non-compete, non-solicitation and confidentiality provisions.

If Mr. Kipphut's employment is terminated following a change of control either by Mr. Kipphut for good reason, or by the Company other than for cause or following Mr. Kipphut's death or disability, Mr. Kipphut will be entitled to receive, in equal installments over a two-year period, an amount equal to twice the total of his base salary and actual bonus for the calendar year immediately prior to the termination. A change of control will be deemed to have occurred if: (i) the individuals who were directors immediately after the 2000 Annual Shareholders' Meeting (the "2000 Board") and any new directors (other than directors whose initial assumption of office is in connection with an actual or threatened election contest) who were elected by, or whose nomination for election by the stockholders was approved by, a vote of at least two-thirds ( 2/3) of the directors still in office who were directors on the 2000 Board or are directors elected in this manner, cease for any reason to constitute a majority of the directors then serving; (ii) the stockholders of the Company approve a merger, consolidation, share exchange or reorganization of the Company, or the issuance of additional shares of voting stock of the Company in connection with such a transaction, which would result in the holders of the Company's voting securities immediately prior to the transaction owning as a group less than 50% of the combined voting power of the voting securities of the Company or surviving corporation in such transaction; (iii) the stockholders of the Company approve a merger, consolidation or share exchange effected to implement a recapitalization of the Company in which a person other than John H. Sykes is or becomes the beneficial owner 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 stockholders of the Company held in 2000 pursuant to express authorization by the board of directors of the Company 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 (iv) the stockholders of the company approve a plan of complete liquidation or dissolution of the Company or for the sale of all or substantially all of the Company's assets, unless the sale is to an entity of which at least 75% of the combined voting power of the voting securities are owned by persons in substantially the same proportions as their ownership of the Company prior to such sale. Mr. Kipphut will be deemed to have good reason to terminate his employment following a change in control if there is: (i) any reduction in his base salary or any other compensation or benefits (other than a performance bonus), or (ii) any other material adverse change to the terms and conditions of Mr. Kipphut's employment including diminution of his customary duties as described in the agreement.

*Gerry L. Rogers.* On February 18, 2002, the Company entered into a two-year employment agreement with Gerry L. Rogers as Group Executive, Senior Vice President and Chief Information Officer. The agreement automatically renews for successive one-year terms unless the Company provides written notice of intent not to renew at least 180 days prior to the expiration of the initial term or any renewal term. Mr. Rogers' annual base salary is \$199,714.32 through March 5, 2002, and \$217,464.32 from March 6, 2002 through the remaining term of the agreement. If the agreement is terminated prior to the expiration of the initial or any renewal term for any reason other than death, disability, or cause (as defined therein), the Company shall continue to pay Mr. Rogers an amount equal to his base salary through the term of the agreement and for any period beyond the term of the agreement that the Company desires to enforce a covenant not to compete. The

agreement provides that Mr. Rogers shall refrain from competing directly or indirectly with the Company during the period of employment and for a period of one year after an early termination of the agreement in any area in which the Company's business is then conducted. The agreement provides that if it is terminated by the Company for cause or by Mr. Rogers, during a period of one year following termination of employment, Mr. Rogers will not, in any area in which the Company's business is then conducted, directly or indirectly compete with the Company, and the Company shall not be required to make any payments to Mr. Rogers in connection with the termination of the agreement or the covenant not to compete. Mr. Rogers also is entitled to a performance bonus of up to 75% of his base salary based upon the Company's achievement of specified goals as determined by the Compensation Committee, and to participate in such bonus programs and other benefit plans as are generally made available to other executive officers of the Company.

*Charles E. Sykes.* On February 18, 2002, the Company entered into a two-year employment agreement with Charles E. Sykes as General Manager, Senior Vice President — Americas. The agreement automatically renews for successive one-year terms unless the Company provides written notice of intent not to renew at least 180 days prior to the expiration of the initial term or any renewal term. Mr. Sykes' annual base salary is \$159,930.16 through March 5, 2002, and \$217,300.20 from March 6, 2002 through the remaining term of the agreement. If the agreement is terminated for any reason other than death, disability, or cause (as defined therein), the Company shall continue to pay Mr. Sykes an amount equal to his base salary through the term of the agreement and for any period beyond the term of the agreement that the Company desires to enforce a covenant not to compete. The agreement provides that Mr. Sykes shall refrain from competing directly or indirectly with the Company during the period of employment and for a period of one year after an early termination of the agreement in any area in which the Company's business is then conducted. The agreement provides that if it is terminated by the Company for cause or by Mr. Sykes, during a period of one year following termination of employment, Mr. Sykes will not, in any area in which the Company's business is then conducted, directly or indirectly compete with the Company, and the Company shall not be required to make any payments to Mr. Sykes in connection with the termination of the agreement or the covenant not to compete. Mr. Sykes also is entitled to a performance bonus of up to 53% of his base salary based upon the Company's achievement of specified goals as determined by the Compensation Committee, and to participate in such bonus programs and other benefit plans as are generally made available to other executive officers of the Company.

*Harry A. Jackson, Jr.* On March 6, 2002, the Company entered into an employment agreement with Harry A. Jackson, Jr. as General Manager, Senior Vice President — EMEA. The agreement is for a term beginning on March 6, 2002 and continuing through August 31, 2004. The Agreement automatically renews for successive one-year terms unless the Company provides written notice of intent not to renew at least 180 days prior to the expiration of the initial term or any renewal term. Mr. Jackson's annual base salary is \$175,269.64 through March 5, 2002, \$217,300.20 from March 6, 2002 through August 31, 2003, and \$239,030.48 from September 1, 2003 through the remaining term of the agreement. If the agreement is terminated for any reason other than death, disability, or cause (as defined therein), the Company shall continue to pay Mr. Jackson an amount equal to his base salary through the term of the agreement and for any period beyond the term of the agreement that the Company desires to enforce a covenant not to compete. The agreement provides that Mr. Jackson shall refrain from competing directly or indirectly with the Company during the period of employment and for a period of one year after an early termination of the agreement in any area in which the Company's business is then conducted. The agreement provides that if it is terminated by the Company for cause or by Mr. Jackson, during a period of one year following termination of employment, Mr. Jackson will not, in any area in which the Company's business is then conducted, directly or indirectly compete with the Company, and the Company shall not be required to make any payments to

Mr. Jackson in connection with the termination of the agreement or the covenant not to compete. Mr. Jackson also is entitled to a performance bonus of up to 53% of his base salary based upon the Company's achievement of specified goals as determined by the Compensation Committee, and to participate in such bonus programs and other benefit plans as are generally made available to other executive officers of the Company.

*James E. Lamar.* Mr. Lamar resigned from his position as Group Executive and Executive Vice President — Business Services effective July 5, 2001. In connection with his resignation, Mr. Lamar and the Company entered into an Employment Separation Agreement. Under this agreement, the Company agreed to pay Mr. Lamar an amount equal to his salary on a bi-weekly basis through July 30, 2003.

## **COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION**

### **Introduction**

Under rules of the Commission, the Company is required to provide certain information concerning compensation provided to the Company's Chief Executive Officer and its other executive officers. The disclosure requirements for the executive officers include the use of tables and a report of the Committee responsible for compensation decisions for the named executive officers explaining the rationale and considerations that led to those compensation decisions. Therefore, the Compensation Committee of the Board of Directors has prepared the following report for inclusion in this Proxy Statement.

### **Compensation Committee Role**

The Compensation Committee of the Board of Directors has the responsibility to review annually and recommend to the full Board, the compensation for the Chief Executive Officer as well as the other executive officers. The forms of compensation considered by the Compensation Committee include base salary, annual and performance based cash bonuses and fringe benefits. The Company's Stock Option Committee is responsible for reviewing the equity incentive component of the Company's compensation program for its employees generally, and specifically its executive officers, including the named executive officers. The Stock Option Committee is responsible for making stock option grants under the Company's 2001 Equity Incentive Plan to executive officers of the Company. The Compensation Committee and the Stock Option Committee are comprised of members of the Board who are not employees of the Company. Although these committees consider different components of the executive employees' compensation, they are currently comprised of the same non-employee Board members.

### **Compensation Philosophy**

The Compensation Committee's philosophy on executive compensation is based upon several fundamental concepts. First, the Committee believes that the level of individual compensation should be competitive with selected survey groups. Second, compensation generally, and bonus compensation specifically, should be designed to provide significant incentives for superior personal and corporate performance. Third, the executive's compensation package should be designed to align the interests of the executive with that of the Company's shareholders. The Compensation Committee believes that executive compensation, if determined in accordance with this philosophy, will enable the Company to attract and retain the services of highly qualified and motivated executives. These goals are achieved by designing executive compensation packages that include a base salary, discretionary and performance based cash bonuses and periodic grants of stock

options. The Company's policies with respect to these elements, including the basis for the compensation awarded the Company's chief executive officer, are discussed below.

The Compensation Committee oversees the operation of the Company's executive compensation policies. The Company occasionally retains independent compensation consultants, and regularly utilizes published surveys with industry, geographical and position specific data to compare the Company's compensation programs with various other companies with similar characteristics. While the elements of compensation described below are considered separately, the Compensation Committee takes into account the full compensation package offered by the Company to the individual, including health care and other insurance benefits and contributions made by the Company under the Company's 401(k) Plan, Employee Stock Purchase Plan and Deferred Compensation Plan.

*Base Salaries.* The Company has established competitive annual base salaries for all executive officers, including the named executive officers. The annual base salaries for each of the Company's executive officers, including the Company's chief executive officer, reflect the subjective judgment of the Compensation Committee based on their consideration of the executive officer's position with the Company, the executive officer's tenure, the Company's needs, a comparative analysis of published compensation data as described above, and the executive officer's individual performance, achievements, and contributions to the growth of the Company.

Mr. Sykes' annual base salary for 2001, as the Company's Chief Executive Officer, was \$550,000. This is the same base salary that Mr. Sykes received the previous year. The Compensation Committee considered the factors noted above, Mr. Sykes' prior experience and managerial expertise, his knowledge of the Company's operations, and the industry in which it operates, and recommended to the Board, which recommendation was accepted, that the Company enter into a new contract with Sykes (discussed elsewhere in this Proxy Statement) extending the term of employment and continuing the current salary through the end of 2002.

*Annual Bonus.* The Company's executive officers are eligible for an annual cash bonus under the Company's Bonus Program. The Bonus Program provides for the discretionary payment of annual incentive awards to key employees, including executive officers of the Company, pursuant to individually developed formulas related to the Company's operating goals and personal performance goals. Payments under the Bonus Program are discretionary and are subject to certain limitations. Mr. Sykes did not receive any cash bonuses during the year ended December 31, 2001.

*Stock Options.* Under the Company's 2001 Equity Incentive Plan (the "2001 Plan"), stock options may be granted to all employees. The 2001 Plan is administered by the Stock Option Committee and the Compensation Committee in accordance with Rule 16b-3 of the Securities Exchange Act of 1934, as amended. The Stock Option Committee recommended that a certain number of stock options under the 2001 Plan be made available for issuance by the Chief Executive Officer for hiring and retention purposes within certain parameters at various levels of management.

The principal factors considered in determining the granting of stock options to executive officers of the Company were the executive officer's tenure with the Company, his or her total cash compensation for the prior year, the executive officer's acceptance of additional responsibilities and his or her contributions toward the Company's attainment of strategic goals. During 2001, all stock options granted to executive officers of the Company under the 2001 Plan were made at fair market value on the date of grant (as calculated under the 2001 Plan) and were exercisable for various vesting periods of up to four years following the date of grant. During the year ended December 31, 2001, no options were granted to Mr. Sykes.

## **Section 162(m) Limitations**

Under Section 162(m) of the Internal Revenue Code, a tax deduction by corporate taxpayers, such as the Company, is limited with respect to the compensation of certain executive officers, unless such compensation is based upon performance objectives meeting certain regulatory criteria or is otherwise excluded from the limitation. Based upon the Compensation Committee's commitment to link compensation with performance as described in this report, the Compensation Committee currently intends to qualify compensation paid to the Company's executive officers for deductibility by the Company under Section 162(m).

### **COMPENSATION COMMITTEE**

**Furman P. Bodenheimer, Jr.**  
**Linda F. McClintock-Greco**  
**Ernest J. Milani**

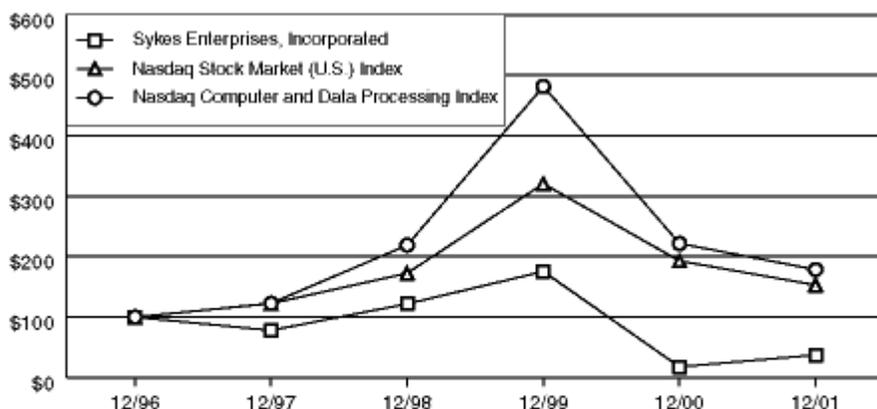
March 15, 2002

The report of the Compensation Committee shall not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933 or under the Securities Exchange Act of 1934 (together, the "Acts"), except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.

## STOCK PRICE PERFORMANCE GRAPH

The following graph presents a comparison of the cumulative total shareholder return on the common stock with the cumulative total return on the Nasdaq Stock Market (U.S.) Index and the Nasdaq Computer and Data Processing Index. This graph assumes that \$100 was invested on December 31, 1996 in the Company's common stock, the Nasdaq Stock Market (U.S.) Index, and the Nasdaq Computer and Data Processing Index.

### COMPARISON OF 60 MONTH CUMULATIVE TOTAL RETURN\* AMONG SYKES ENTERPRISES, INCORPORATED, THE NASDAQ STOCK MARKET (U.S.) INDEX AND THE NASDAQ COMPUTER & DATA PROCESSING INDEX



	12/31/96	12/31/97	12/31/98	12/31/99	12/29/00	12/31/01
Sykes Enterprises, Incorporated	\$100.00	\$78.00	\$122.00	\$175.50	\$17.75	\$37.36
Nasdaq Stock Market (U.S.) Index	\$100.00	\$122.48	\$172.68	\$320.83	\$192.98	\$153.12
Nasdaq Computer and Data Processing Index	\$100.00	\$122.87	\$219.20	\$481.81	\$221.86	\$178.66

\* \$100 invested on December 31, 1996 in stock or index including reinvestment of dividends. Fiscal year ending December 31.

There can be no assurance that the Company's stock performance will continue into the future with the same or similar trends depicted in the graph above. The Company does not make or endorse any predictions as to the future stock performance.

The stock price performance graph shall not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Acts, except to the extent

that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under the Acts.

### **DEADLINE FOR RECEIPT OF SHAREHOLDER PROPOSALS**

The deadline for submission of shareholder proposals pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (“Rule 14a-8”), for inclusion in the Company’s proxy statement for its 2003 Annual Meeting of Shareholders is November 27, 2002. Notice to the Company of a shareholder proposal submitted other than pursuant to Rule 14a-8 will be considered untimely, and the persons named in proxies solicited by the Board of Directors of the Company for its 2003 Annual Meeting may exercise discretionary voting power with respect to any such proposal, if received by the Company after February 11, 2003.

### **OTHER MATTERS**

Management knows of no matter to be brought before the Annual Meeting, which is not referred to in the Notice of Annual Meeting. If any other matters properly come before the Annual Meeting, it is intended that the shares represented by Proxy will be voted with respect thereto in accordance with the judgment of the persons voting them.

By Order of the Board of Directors,

/s/ JAMES T. HOLDER

James T. Holder  
*Secretary*

