

# SYKES ENTERPRISES INC

## FORM 10-K405

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

Filed 03/19/02 for the Period Ending 12/31/01

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

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

Filed 3/19/2002 For Period Ending 12/31/2001

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

# 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, 2001

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 5, 2002, there were 40,328,354 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 on March 5, 2002 was \$208,371,262.

### Documents Incorporated by Reference:

Documents. . . . . Form 10-K Reference  
Portions of the Proxy Statement for the year 2002  
Annual Meeting of Shareholders. . . . . Part III Items 10-13

**SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES**  
**FORM 10-K ANNUAL REPORT**  
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## PART I

### ITEM 1. BUSINESS

#### GENERAL

Sykes Enterprises, Incorporated and consolidated subsidiaries ("Sykes" or the "Company") is a global leader in providing outsourced customer management solutions and services to customers of companies primarily in the technology/consumer, communications and financial services markets. Sykes' Business Services group provides customer support outsourcing with emphasis on technical support and customer service. These services are delivered through multiple communications channels encompassing phone, e-mail, web and chat. Sykes' Business Solutions group provides consultative professional services and technical staffing in customer relationship management with a focus on business strategy, project management, business process redesign, change management, knowledge management, education, training and web development. Sykes also provides fulfillment services throughout Europe including multi-lingual sales order processing via the Internet and phone, full multi-currency financial management, inventory control and storage, vendor management, product delivery and product returns handling. Sykes has developed an extensive global reach with 40 state-of-the-art customer support centers throughout the United States, Canada, Europe, Latin America, Asia and Africa.

The Company believes that outsourcing by technology enabled companies for customer management solutions and services will continue to grow as pressures of the economy place greater emphasis on customer-facing activities to enhance customer relationships, build brand loyalty and maximize efficiencies. Rapid changes in technology, pricing pressures, growth rates and global competition are making it increasingly difficult for companies to cost-effectively maintain quality, long-term relationships with their customers.

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

In December 2001, in response to the economic slowdown and increasing demand for the Company's offshore capabilities, the Company approved a cost reduction plan designed to improve efficiencies in its core businesses. As a result of the Company's cost reduction plan, the Company recorded \$16.1 million in restructuring, other and impairment charges during the fourth quarter of 2001. This included \$14.6 million in charges related to the closure and consolidation of two U.S. Business Services customer support centers, two U.S. Business Solutions offices and one European fulfillment center. In addition, the Company plans to reduce the number of employees by 230 by the end of March 2002. The restructuring charge also includes \$1.4 million for future lease obligations related to the closed facilities. The Company also recorded a \$1.5 million impairment charge related to the write-off of certain non-performing assets, including software and equipment no longer used by the Company. The Company estimates it may achieve up to approximately \$5.7 million in annualized pre-tax savings related to the closed operations included in the restructuring and impairment charges.

In connection with the Company's continued efforts to concentrate resources on its core competencies and focus on the needs of its clients, the Company implemented a customer centric model and philosophy throughout the organization in 2001. With the changing demands of the Company's global customers and the implementation of the customer centric model, the Company aligned its business into two geographic regions effective January 1, 2002 to more effectively manage the business and support the customer care needs of every client. Beginning with the first quarter of 2002, these geographic regions will be the Americas, which includes the United States, Canada, Latin America and the Asia Pacific Rim, and EMEA, which includes Europe, the Middle East and Africa.

#### INDUSTRY BACKGROUND

In today's ever-changing marketplace, companies require innovative customer management solutions that allow them to enhance the end user's experience with their products and services, strengthen and enhance company brands, maximize the lifetime value of customers, efficiently and effectively deliver human interaction when customers value it most, and deploy best-in-class Customer Relationship Management (CRM) strategies, processes and technologies.

Technological changes, pricing pressures, global competition and a dynamic economic environment are making it increasingly difficult for companies to cost-effectively maintain in-house the necessary personnel to handle all of their customer management needs. Companies are increasingly turning to outsourcers to perform specialized functions and services in CRM due to the following factors:

- Increasing importance of companies to focus on customer-facing activities;
- Increasing need for companies to focus on core competencies rather than non-revenue producing activities;
- Rapid changes in technology requiring personnel with specialized technical expertise;
- Growing capital requirements for sophisticated technology needed to maintain the necessary infrastructure to provide timely technical and customer support service;
- Increasing need to integrate and continually update complex systems incorporating a variety of hardware and software components spanning a number of technology generations;
- Extensive and ongoing staff training and associated costs required to maintain responsive, up-to-date in-house technical and customer support services; and
- Cost savings from converting fixed employee costs to flexible, variable costs.

## **STRATEGY**

The Company's objective is to continue to grow and expand its global customer base as a leading provider of reliable and affordable outsourced customer management solutions and services while maintaining its focus on its core competencies of technical support and customer service. The Company's principal strategies are as follows:

Continue Growing the Company's Customer Support Outsourcing Encompassing Technical Support and Customer Service. Sykes has grown its Customer Support Outsourcing operations utilizing a strategy of both internal growth and external acquisitions. This plan has resulted in an increase from three customer support centers in 1994 to 40 worldwide as of February 14, 2002. The Company's customer support centers, which are the focus of the Company's core competencies, currently have the capacity to handle millions of customer contacts per year over numerous contact media. Sykes has standardized the establishment and ongoing operation of its customer 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 customer support centers modeled after the same prototype; (iii) utilizing standardized procedures to hire and train customer care agents; and (iv) maintaining consistently responsive and highly reliable services through global deployment of a common communication platform and performance management technologies and procedures. The Company's systematic approach and procedures, tailored to the unique needs of its customers, are part of its strategy of providing responsive, high quality and cost-efficient support. In addition to Sykes' network of customer support centers throughout North America and Europe, the Company continues to develop its offshore capabilities in the Philippines and Costa Rica, which offers its clients a flexible solution at lower costs. During the fourth quarter of 2001, the Company announced the expansion of its Manila and Costa Rican operations to support the increasing demand for Sykes' offshore customer management solutions. The Company also believes there are further opportunities to expand its global reach and the scope and quality of its support services by acquiring or merging with companies that operate customer support centers in certain geographic markets, such as Latin America and the Asia Pacific Rim, and to enhance the breadth of services provided to companies within the technology/consumer, communications and financial services markets.

Leverage Customer Relationship Management Practice and Technical Staffing. The Company's expertise in technical staffing, change management, knowledge management, education and training, coupled with Sykes' customer support outsourcing capabilities, enable the Company to deliver broad based customer management solutions on a global basis. Sykes works with large and medium size companies to review, plan and build their CRM strategies by conducting assessments, audits, strategy definitions, process redesigns as well as the selection and implementation of technology. These capabilities also enable Sykes to tailor its customer care solutions to meet the unique needs of its customers such as outsourcing, in-sourcing, staff augmentation or a combination of all approaches.

Expand Vertical Market Reach. The Company markets its services on a worldwide basis primarily to technology-enabled companies within the technology/consumer, communications and financial services markets. The Company built its industry knowledge by initially focusing on software publishers, personal computer manufacturers and peripheral hardware manufacturers within the technology market, providing Sykes with a competitive advantage in technical support. Beginning in 2000, the Company's growth strategy targeted the communications market, where Sykes has leveraged its technical support capabilities to capitalize on dial-up Internet, broadband Internet and wireless services opportunities. Sykes' established presence in these markets provides

tremendous opportunities for outsourced services and growth in new target markets such as financial services.

**Maintain a Competitive Advantage Through Sophisticated Technology.** The Company seeks to maintain a competitive advantage by continuing to capitalize on its sophisticated and specialized technological capabilities, including its current private asynchronous transfer mode (ATM) network between North America, Latin America and the Philippines that provides the Company the ability to redirect inquiries and to also carry voice and data over the same network. Sykes' flexible, secure and scalable network infrastructure allows the Company to rapidly respond to changes in client voice and data traffic and quickly establish support operations for new and existing clients. Through strategic technology relationships, the Company is able to provide fully integrated communication services encompassing e-mail, chat and web self-service platforms. Additional technological capabilities include automatic call distributors, sophisticated call routing and workforce management capabilities based on agent skill and availability, call tracking software, quality management systems and computer-telephony integration (CTI) that enable Sykes' customer support centers to serve as the transparent extension of the Company's clients, receive telephone calls and data directly from its clients' systems, and report detailed information concerning the status and results of the Company's services on a daily basis. The Company's European deployment of Global Direct, Sykes' CRM/e-commerce application, establishes a platform whereby its clients can manage all customer profile and contact information from every communication channel making it a viable customer-facing infrastructure solution to support its clients' CRM initiatives.

## **SERVICES**

The Company provides innovative customer management services and solutions. The following is a description of Sykes' customer management services and solutions:

### **Business Services**

**Customer Support Outsourcing.** Sykes provides customer support management solutions that support its clients' customers and employees through the partial or complete outsourcing of people, processes and technologies. Sykes specializes in providing technical support and customer service through multiple communication channels encompassing phone, e-mail, web and chat through its 17 stand-alone customer support centers in the United States, 3 centers in Canada, 2 centers in Costa Rica, and 18 international customer support centers located in Europe, South Africa, People's Republic of China and the Philippines. Client customers or employees, through telephony support, e-mail, web or chat, contact a Sykes' customer care agent who is specially trained in the applicable product and/or service. The agent acts as a transparent extension of the client in diagnosing problems and providing a solution. The Company's extensive network of customer support centers provide global support capabilities in over 30 languages.

Technical support and customer service provided through the Company's support centers are generally billed to the client based on a per minute, per transaction or time and material basis.

**Fulfillment Services.** Fully integrated with customer care services, the Company provides PanEuropean fulfillment solutions including multi-lingual sales order processing via the Internet and phone, full multi-currency financial management, inventory control and storage, vendor management, product delivery and product returns handling.

### **Business Solutions**

**CRM Consulting.** The Company's Customer Relationship Management (CRM) practice provides the full range of capabilities required for effectively performing assessments and audits, defining CRM/eCRM strategies, selecting appropriate technologies, defining training and knowledge management methodologies and managing full implementation programs.

**Enterprise Support Services.** The Company provides a wide range of enterprise support services for a company's internal support operations ranging from technical staffing services, managed services and consulting services to the partial or complete co-sourcing or in-sourcing of a company's internal help desk. Help desk services are provided to major companies, either at their facilities or through Sykes' support centers. Employees of Sykes' clients telephone the help desk number provided to them by their employer for technical assistance. Trained technicians dedicated to a specific client, answer questions and diagnose and resolve technical problems ranging from a simplistic error message to a wide area network failure.

## **OPERATIONS**

**Customer Support Centers.** The Company's strategy in the United States is to locate its customer 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. The Company's strategy internationally is to locate its customer support

centers near a major metropolitan area, or near a large facility of a major client, if it is the first entrance into the country. Otherwise, the Company follows the same strategy used in the United States for locating international customer support centers.

New customer support centers are established to accommodate anticipated growth in the Company's business or in response to a specific customer need. The Company currently believes there are opportunities to establish additional customer support centers in Europe, the Asia Pacific Rim and potentially South America.

A typical domestic customer support center is approximately 42,000 square feet, has 432 workstations and can handle in excess of 12,000 user transactions per day. The technical and customer 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 equipment and technology enable it to serve as the transparent extension of its clients at a low cost per transaction and provide its clients 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 workforce management systems to provide efficient scheduling of personnel to accommodate fluctuations in call volume. To complement the Company's workforce management systems, the Company has developed a digital private communications network that allows for effective call volume management and disaster recovery back up. Through the Company's private asynchronous transfer mode (ATM) network and dynamic intelligent call routing capabilities, the Company can rapidly respond to changes in client call volumes and move call volume traffic based on agent availability and skill throughout its network of support centers, improving the responsiveness and productivity of its agents.

Customer support center systems capture and download to permanent databases a variety of information concerning each call for reporting on a daily basis to clients, 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 client 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' clients 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 customer support centers are protected by a fire extinguishing system and backup generators and shortterm battery backup in the event of a power outage, reduced voltage or a 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.

CRM Consulting and Enterprise Support Services Offices. Consultative professional personnel from Sykes' CRM Consulting and Enterprise Support Services teams are assigned to one of the Company's 6 offices, which are located in metropolitan areas throughout the United States. The Company's CRM consulting practice provides the full range of capabilities required for effectively performing assessments and audits, defining CRM/eCRM strategies, selecting appropriate technologies, defining training and knowledge management methodologies and managing full implementation programs. In addition, the Company provides a wide range of enterprise support services for a company's internal support operations ranging from training development, knowledge management and technical staffing services, to the partial or complete outsourcing or in-sourcing of a company's internal help desk. These CRM Consulting and Enterprise Support Services offices provide a strong recruiting platform for high-end knowledge workers and establish a local presence to service major accounts. Each office is responsible for staffing the consultative professional personnel needs of clients or managing program implementations within its geographic region. These offices give Sykes the ability to (i) offer a broad range of consultative professional services to existing clients, and (ii) deliver flexible, innovative solutions to new and existing clients in each market.

Each office is staffed with one or more account executives whose goal is to become the client's partner in evaluating and meeting their customer care needs. The account executive's primary responsibilities include: client development; understanding and identifying clients' customer management 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 executive officers 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.

Fulfillment Centers. Sykes currently has 4 fulfillment centers located in Europe. Sykes provides its fulfillment services primarily to certain clients operating in Europe who desire this complementary service in connection with customer support services. During 2001, Sykes announced the closure of one of its European fulfillment centers.

## **QUALITY ASSURANCE**

Sykes trains, monitors and supervises its employees to enhance the efficiency and the quality of its services. Representatives of the Company's clients conduct the training of new customer care agents in-house at the customer support centers through certified trainers or Sykes actively recruits highly skilled professionals to staff specific assignment needs of its clients. Generally, employees also receive ongoing training throughout the year to respond to changes in technology.

A support center manager supervises project leaders, team leaders, technicians and customer support representatives dedicated to individual client accounts. Each team leader at the support centers monitors approximately ten customer care agents. A project leader supervises a particular client's account by monitoring calls and reviewing quality standards. Using 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. Clients 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' customer management needs. The Company's account executives and recruiters who work together to achieve a successful relationship between the client and the Company provide the central role in this team approach. The team shares information on active and prospective clients, reviews the availability of the staff 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 in the process of certifying three of its international customer support centers in accordance with the COPC-2000 Standard (Customer Operations Performance Center Inc.) for technical support and help desk services. The COPC-2000 Standard was developed in 1996 by representatives from American Express, Dell, L.L. Bean, Microsoft, Motorola, Novell and other customer-focused companies that wanted measurable standards to improve the level of service quality their customers received from external customer service providers. The development team used the criteria and framework of the Malcolm Baldrige National Quality Award as the foundation of the standard, and adapted the Baldrige criteria to accommodate the practical realities of the customer support industry. The Company's commitment to quality has also resulted in receiving the STAR Award for the years 1995 through 1999 in the highest call volume category and received a lifetime achievement award during 2000. 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 for their customer management outsourcing services. Sykes believes that its client base provides excellent opportunities for further marketing and cross selling of its complimentary customer management services. The Company markets its 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 50 people in its global sales force.

As part of its marketing efforts, the Company invites potential and existing clients to visit the customer 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 client or a significant increase in business from an existing client by emphasizing its systematic approach to establishing and managing support centers.

The Company emphasizes account development to strengthen its relationships with its customers. Business development managers are generally assigned to markets in their area of expertise 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.

The Company's sales force is composed of new business development managers and client services executives that manage relationships with existing accounts. In addition, the Company has inside customer sales representatives who receive customer inquiries and provide outbound lead generation for the field sales force.

## **CLIENTS**

The Company serves clients in the United States, Canada, Latin America, Europe, The Philippines, Peoples Republic of China and South Africa. The Company primarily markets to Fortune 500 corporations within the technology/consumer, communications and financial services industries. The Company believes its globally recognized client base presents opportunities for further cross marketing of its services.

Total revenue includes \$58.5 million, or 11.8% of consolidated revenues, and \$35.6 million, or 6.3% of consolidated revenues exclusive of SHPS, for the years ended December 31, 2001 and 2000, respectively, from SBC Communications Inc. and affiliates ("SBC"), a major provider of communications services (none in 1999). The Company's loss of (or the failure to retain a significant amount of business with) SBC or any of its key clients could have a material adverse effect on the Company. The Company's largest ten clients accounted for approximately 56.7% of the consolidated revenues in 2001. Many of the Company's contracts are cancelable by the client at any time or on short-term notice, and clients may unilaterally reduce their use of the Company's services under such contracts without penalty. Sykes provided services to hundreds of clients during 2001.

## **COMPETITION**

The industry in which the Company competes is extremely competitive and highly fragmented. While many companies provide customer management solutions and services, management believes no one company is dominant. There are numerous and varied providers of such services, including firms specializing in various CRM consulting, support center operations, product distribution, general management consulting firms, major accounting firms, divisions of large hardware and software companies and niche providers of customer management solutions and 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.

The Company believes that the most significant competitive factors in the sale of its services include quality, reliability, scalability, security, flexibility, experience, price and tailored service offerings. As a result of intense competition, customer management solutions and services 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 and customer 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 Sykes AnswerTeam(R) are registered service marks of the Company. Sykes holds a number of registered trademarks, including ETSC(R), FS PRO(R) and FS PRO MARKETPLACE(R).

## **EMPLOYEES**

As of February 14, 2002, the Company had 15,000 employees (full-time and part-time), consisting of 13,200 customer care agents at the technical and customer support centers, 320 in CRM consulting, 230 in distribution and fulfillment services, 50 in sales and marketing and 1,200 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 about 1,300 employees in Europe, are not represented by any labor unions.

The Company recruits its 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 exceed 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 (within the meaning of the Private Securities Litigation Reform Act of 1995) 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' terms and elements of services offered under Sykes' standardized contract for future bundled service offerings; Sykes' ability to continue the growth of its support service revenues through additional technical and customer support centers; Sykes' ability to leverage its customer relationship practice; Sykes' ability to further penetrate into vertically integrated markets; Sykes' ability to expand revenues within the global markets; Sykes' ability to continue to establish a competitive advantage through sophisticated technological capabilities, and the following risk factors:

### **The Company Faces Uncertainties Relating To Pending Litigation**

Sykes faces uncertainties relating to the pending litigation described in "Item 3. Legal Proceedings." Although the Company intends to defend these actions vigorously, it cannot predict the outcome or the impact they may have on the Company. Sykes also cannot predict whether any other material suits, claims, or investigations may arise in the future based on the same or other claims. Regardless of the outcome of any of these lawsuits or any future actions, claims, or investigations relating to the same or any other subject matter, the Company may incur substantial defense costs and such actions may cause a diversion of management time and attention. Also, it is possible that Sykes may be required to pay substantial damages or settlement costs which could have a material adverse effect on its financial condition and results of operations.

### **Dependence On Key Clients**

Sykes derives a substantial portion of its revenues from a few key clients. Total revenue includes \$58.5 million, or 11.8% of consolidated revenues, and \$35.6 million, or 6.3% of consolidated revenues exclusive of SHPS, for the years ended December 31, 2001 and 2000, respectively, from SBC Communications Inc. and affiliates ("SBC"), a major provider of communications services (none in 1999). Sykes' largest ten clients accounted for approximately 57%, 49%, and 52% of its consolidated revenues for the years ended December 31, 2001, 2000, and 1999, respectively, exclusive of SHPS revenue. Sykes' loss of, or the failure to retain a significant amount of business with, SBC or any of its key clients could have a material adverse effect on Sykes' business, financial condition and results of operations. Generally, Sykes' contracts with its clients are cancelable by the client at any time or on short-term notice, and clients may unilaterally

reduce their use of Sykes' services under such contracts without penalty. Thus, Sykes' contracts with its clients 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 consultative 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 consultative professionals conversant with certain technologies is intense and may exceed 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.

### The Company Faces Potential Difficulties in Continuing to Expand and Manage Growth

Sykes has grown rapidly. The Company cannot guarantee that it will be able to continue to expand or successfully manage its growth. This growth has placed, and is expected to continue to place, significant demands on Sykes' management. The Company also cannot guarantee that it will achieve levels of revenue and profitability or otherwise perform as expected.

### The Company's Strategy of Growing Through Selective Acquisitions and Mergers Involves Potential Risks

The Company evaluates opportunities to expand the scope of its services through acquisitions and mergers. The Company may be unable to identify companies that complement its strategies, and even if it identifies a company that complements its strategies, Sykes may be unable to acquire or merge with the company. In addition, the decrease in the price of the Company's common stock could hinder Sykes' growth strategy by limiting growth through stock acquisitions.

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

- the inability to obtain the capital required to finance potential acquisitions on satisfactory terms;
- the diversion of management's attention to the integration of the businesses to be acquired;
- the risk that the acquired businesses will fail to maintain the quality of services that Sykes has historically provided;
- the need to implement financial and other systems and add management resources;
- the risk that key employees of the acquired business will leave after the acquisition;
- potential liabilities of the acquired business;
- unforeseen difficulties in the acquired operations;
- adverse short-term effects on Sykes' operating results;
- lack of success in assimilating or integrating the operations of acquired businesses with those of Sykes;
- the dilutive effect of the issuance of additional equity securities;
- the impairment of goodwill and other intangible assets involved in any acquisitions;
- the businesses we acquire not proving profitable; and
- potentially incurring additional indebtedness.

### **Rapid Technological Change**

Rapid technological advances, frequent new product introductions and enhancements, and changes in client requirements characterize the market for information technology services. 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 clients. 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 client requirements 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 communications 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 customer management. 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 clients to purchase additional services from Sykes or adopt a single-source outsourcing approach.

### **Risk of Emergency Interruption of Customer Support Center Operations**

Sykes' operations are dependent upon its ability to protect its customer support centers and its information databases against damage 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 clients 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 clients. 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, 2001, Sykes' international operations were conducted from 18 customer support centers located in Sweden, The Netherlands, France, Germany, South Africa, Scotland, Ireland, Hungary, Turkey, Peoples Republic of China, and The Philippines. Revenues from these operations for the years ended December 31, 2001, 2000, and 1999, were 37%, 38%, and 36%, of consolidated revenues, respectively, exclusive of revenue from SHPS which was sold in June 2000. The Company also conducts business in Canada and Costa Rica. 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 have a material adverse effect on Sykes' results. Sykes has historically not entered into hedge contracts for either its translation risk or its economic risk.

### **The Company's Fundamental Shift Towards Offshore Markets**

The Company intends to continue to expand and pursue growth opportunities in offshore markets. The Company's offshore locations include Costa Rica and the Philippines, and while Sykes has operated there for five years, there can be no assurance that the Company will be able to successfully conduct and expand such operations, and a failure to do so would have a material adverse effect on Sykes' business, financial condition, and results of operations. While it has been the industry trend to move towards offshore markets, such movement could result in excess capacity in the United States. The success of the Company's offshore operations will be subject to numerous contingencies, some of which are beyond management's control, including general and regional economic conditions, prices for the Company's services, competition, changes in regulation and other risks. In addition, as with all of the Company's operations outside of the United States, the Company is subject to various additional political, economic, and market uncertainties. (See "Risks Associated with International Operations and Expansion.")

## **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, many companies who might utilize the services of Sykes or one of its competitors may utilize inhouse personnel to perform such services. 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 operations.

Many of Sykes' large clients purchase customer management solutions and services primarily from a limited number of preferred vendors. Sykes has experienced and continues to anticipate significant pricing pressure from these clients 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 clients' 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, scalability, flexibility, experience, price and tailored service offerings.

## **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 operation.

## **Control By Principal Shareholder and Anti-Takeover Considerations**

As of the date of this report, John H. Sykes, Sykes' Chairman of the Board, President and Chief Executive Officer, beneficially owned more than 38% 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.

## 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	65	Chairman and Chief Executive Officer
W. Michael Kipphut	48	Group Executive, Senior Vice President--Finance
Charles E. Sykes	39	General Manager, Senior Vice President--Americas
Harry A. Jackson, Jr.	49	General Manager, Senior Vice President--EMEA
Gerry L. Rogers	56	Group Executive, Senior Vice President--Chief Information Officer
Jenna R. Nelson	38	Group Executive, Senior Vice President--Human Resources and Administration
James T. Holder	43	General Counsel and Corporate Secretary
William N. Rocktoff	39	Vice President and Controller

JOHN H. SYKES has held the titles and responsibilities of Chairman and Chief Executive Officer of the Company since December 1998. He has been President 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.

W. MICHAEL KIPPHUT, a CPA, joined the Company in March 2000 as Vice President and Chief Financial Officer and was named Group Executive, Senior Vice President-- Finance in June 2001. From September 1998 to February 2000, Mr. Kipphut held the position of Vice President and 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. Previously, Mr. Kipphut held various financial positions including Vice President and Treasurer in his 17 years at Tyler Corporation, a publicly held diversified holding company.

CHARLES E. SYKES joined the Company in 1986 and was named General Manager, Senior Vice President--Americas in June 2001. Prior to that, he held the position of Senior Vice President, Marketing since 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.

HARRY A. JACKSON, JR. joined the Company in 1997 and was named General Manager, Senior Vice President--EMEA in June 2001. Before relocating to Europe in 1998 to assume responsibility for the EMEA operations group as Group Vice President of Operations, Mr. Jackson served as a Client services Director in the U.S. Prior to joining the Company in 1997, Mr. Jackson held various positions with MCI, Synergetics and Brooks International.

GERRY L. ROGERS joined the Company in February 1999 as Group Vice President, North America and was named Group Executive, Senior Vice President and Chief Information Officer during July 2000. From March 2000 until July 2000, Mr. Rogers held the position of Senior Vice President--The Americas. 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.

JENNA R. NELSON joined the Company in August 1993 and was named Group Executive, Senior Vice President--Human Resources and Administration in July 2001. From January 2001 until July 2001, Ms. Nelson held the position of Group Executive and Vice President, Human Resources. In August 1998, Ms. Nelson was appointed Vice President, Human Resources and held the position of Director, Human Resources and Administration from August 1996 to July 1998. From August 1993 until July 1996, Ms. Nelson served in various management positions within the Company, including Director of Administration.

JAMES T. HOLDER joined the Company in December 2000 as General Counsel and was named Corporate Secretary in January 2001. From November 1999 until November 2000, Mr. Holder served in a consulting capacity as Special Counsel to Checkers Drive-In Restaurants, Inc., a publicly held restaurant operator and franchisor. From November 1993 until November 1999, Mr. Holder served in various capacities at Checkers including Corporate Secretary, Chief Financial Officer and Senior Vice President and General Counsel.

WILLIAM N. ROCKTOFF joined the Company in August 1997 as Corporate Controller and was named Treasurer and Corporate Controller in December 1999 and Vice President and Controller in March 2002. From November 1989 to August 1997, Mr. Rocktoff held various financial positions, including Corporate Controller, at Kimmins Corporation, a publicly held contracting company.

## 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	Office	56,900	June 2002
Ada, Oklahoma	Customer support center	42,000	Company owned
Bismarck, North Dakota	Customer support centers (2)	84,000	Company owned
Marianna, Florida	Customer support center	42,000	Company owned
Palatka, Florida	Customer support center	42,000	Company owned
Wise, Virginia	Customer support center	42,000	Company owned
Greeley, Colorado	Customer support center	42,000	Company owned
Hays, Kansas	Customer support center	42,000	Company owned
Klamath Falls, Oregon	Customer support center	42,000	Company owned
Manhattan, Kansas	Customer support center	42,000	Company owned
Milton-Freewater, Oregon	Customer support center	42,000	Company owned
Morganfield, Kentucky	Customer support center	42,000	Company owned
Perry County, Kentucky	Customer support center	42,000	Company owned
Minot, North Dakota	Customer support center	42,000	Company owned
Pikesville, Kentucky	Customer support center	42,000	Company owned
Ponca City, Oklahoma	Customer support center	42,000	Company owned
Scottsbluff, Nebraska	Customer support center	42,000	Company owned
Sterling, Colorado	Customer support center	34,000	Company owned
Eveleth, Minnesota	Customer support center	42,000	Company owned
Nashville, Tennessee	Distribution center	91,200	October 2002
Atlanta, Georgia	Office	4,900	June 2003
Cary, North Carolina	Office	3,700	March 2003
Charlotte, North Carolina	Office	4,400	May 2003
Charlotte, North Carolina	Office	37,800	October 2003
Dallas, Texas	Office	3,000	June 2003
Poughkeepsie, New York	Office	1,000	January 2003
St. Louis, Missouri	Office	5,700	September 2004
INTERNATIONAL LOCATIONS			
Amsterdam, The Netherlands	Customer support center/Headquarters	70,500	July 2004
London, Ontario, Canada	Customer support center/Headquarters	45,000	Company owned
Budapest, Hungary	Customer support center	15,700	June 2002
Edinburgh, Scotland	Customer support center/Office	36,000	September 2019
Heredia, Costa Rica	Customer support centers (2)/Office	58,000	December 2006
Toronto, Ontario, Canada	Customer support center	14,600	December 2006
Toronto, Ontario, Canada	Customer support center	1,912	August 2002
Moncton, New Brunswick	Customer support center	8,200	December 2006
North Bay, Ontario, Canada	Customer support center	5,371	March 2004
Turku, Finland	Customer support center	12,510	February 2005
Les Ulis, France	Customer support center	36,200	January 2007
Bochum, Germany	Customer support center	37,780	July 2004
Hannover, Germany	Customer support center	12,500	November 2008
Pasewalk, Germany	Customer support center	46,070	March 2007
Wilhelmshaven, Germany	Customer support centers (2)	36,800	March 2003
Manila, the Philippines	Customer support center	22,747	January 2005
Manila, the Philippines	Customer support center	38,983	September 2002/ March 2005
Sunninghill, South Africa	Customer support center	24,090	June 2002
Ed, Sweden	Customer support center	44,000	November 2002
Sveg, Sweden	Customer support center	34,960	June 2002
Istanbul, Turkey	Customer support center	20,700	June 2002
Shanghai, PRC	Customer support center	41,900	May 2002
Florence, Italy	Customer support center	32,300	September 2002
Shannon, Ireland	Customer support center and Distribution center	66,000	April 2013
Aachen, Germany	Distribution center	49,400	September 2002
Sevran, France	Distribution center	19,400	August 2002
Galashiels, Scotland	Distribution center	126,700	Company owned
Upplands Vasby, Sweden	Distribution center and Sales office	23,498	October 2004
Vancouver, British Columbia	Sales office	400	June 2002
Esslingen, Germany	Office	9,200	December 2005

### ITEM 3. LEGAL PROCEEDINGS

#### A. CLASS ACTION LITIGATION

A consolidated class action lawsuit against the Company is pending in the United States District Court for the Middle District of Florida. The plaintiffs purport to assert claims on behalf of a class of purchasers of Sykes' common stock during the period from July 27, 1998 through September 18, 2000. The consolidated action claims 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 consolidated action alleges that during 2000, 1999, and 1998, the Company and certain of its officers made materially false statements concerning the Company's financial condition and its future prospects. The consolidated complaint also claims that certain of the Company's quarterly financial statements during 1999 and 1998 were not prepared in accordance with generally accepted accounting principles. The consolidated action seeks compensatory and other damages, and costs and expenses associated with the litigation. Although the Company denies the plaintiff's allegations and intends to defend the actions vigorously, it cannot predict the outcome or the impact this action may have on the Company. The outcome of this lawsuit or any future lawsuits, claims, or investigations relating to the same subject matter may have a material adverse impact on the Company's financial condition and results of operations.

During the third quarter of 2001, the Company successfully settled the lawsuit filed by Kyrus Corporation that asserted functionality issues associated with software that Kyrus had licensed from the Company in 1998. In settlement of the lawsuit, the Company returned 1.0 million shares of Kyrus convertible preferred stock valued at \$5.5 million, originally received in exchange for the license. Upon return of the stock, the Company received a \$5.0 million cash payment from its insurance carrier. The remaining \$0.5 million investment in the Kyrus preferred stock was written off against previously established reserves, and accordingly, there was no impact from this settlement on the results of operations for the year ended December 31, 2001.

#### B. OTHER LITIGATION

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 or results of operations.

### 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

Sykes' common stock is quoted on the Nasdaq National Market under the symbol SYKE. 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.

	High	Low
-----		
Year ended December 31, 2001:		
First Quarter.....	\$ 5.94	\$ 4.31
Second Quarter.....	11.10	4.75
Third Quarter.....	13.47	5.24
Fourth Quarter.....	12.00	5.58
-----		
Year ended December 31, 2000:		
First Quarter.....	\$ 52.25	\$ 13.38
Second Quarter.....	23.25	12.25
Third Quarter.....	16.00	4.38
Fourth Quarter.....	7.00	3.31

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. In addition, the Company's credit facilities contain substantial restrictions on the payment of cash dividends.

As of March 5, 2002, there were approximately 2,150 holders of record of the common stock. The Company believes that there were approximately 11,000 beneficial owners of its common stock.

## ITEM 6. SELECTED FINANCIAL DATA

### 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.

(In thousands, except per share data)	Years Ended December 31,				
	2001	2000	1999	1998	1997
<b>INCOME STATEMENT DATA:</b>					
Revenues	\$496,722	\$ 603,606	\$572,742	\$460,102	\$351,593
Income (loss) from operations(2,3,5,6,8)	135	(12,308)	37,037	31,414	24,392
Net income(2,3,4,5,6,7,8,9)	409	46,787	20,534	1,656	7,631
Net income per basic share(2,3,4,5,6,7,8,9)	0.01	1.13	0.49	0.04	0.19
Net income per diluted share(2,3,4,5,6,7,8,9)	0.01	1.13	0.48	0.04	0.18
<b>PRO FORMA INFORMATION ASSUMING ACCOUNTING CHANGE IS APPLIED RETROACTIVELY(1):</b>					
Revenues	\$496,722	\$ 603,606	\$571,243	\$460,102	\$351,593
Income (loss) from operations(2,3,5,6,8)	135	(12,308)	35,538	31,414	24,392
Net income(2,3,4,5,6,7,8,9)	409	47,706	19,615	1,656	7,631
Net income per basic share(2,3,4,5,6,7,8,9)	0.01	1.15	0.47	0.04	0.19
Net income per diluted share(2,3,4,5,6,7,8,9)	0.01	1.15	0.46	0.04	0.18
<b>BALANCE SHEET DATA:</b>					
Working capital	\$ 96,547	\$ 92,964	\$ 93,075	\$ 84,632	\$116,661
Total assets	309,780	357,954	420,732	362,270	268,197
Long-term debt, less current installments	--	8,759	80,053	75,448	35,990
Shareholders' equity	191,212	195,892	193,233	158,316	152,560

(1) Effective January 1, 2000, the Company changed its policy regarding the recognition of revenue based on criteria established by Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB 101").

(2) The amounts for 2001 are inclusive of \$14.6 million of restructuring and other charges and \$1.5 million of charges associated with the impairment of long-lived assets.

(3) The amounts for 2000 are inclusive of \$7.8 million of compensation expense related to payments made to certain SHPS, Incorporated ("SHPS") option holders as part of the Company's sale of a 93.5% ownership interest in SHPS that occurred on June 30, 2000 and \$30.5 million of restructuring and other charges.

(4) The amounts for 2000 are inclusive of an \$84.0 million gain from the sale of a 93.5% ownership interest in SHPS that occurred on June 30, 2000 and a gain of \$0.7 million related to the sale of a small Canadian operation that sold roadside assistance memberships for which the Company provides customer support and \$38.3 million of one-time items as identified in note (3) above.

(5) The amounts for 1999 are inclusive of \$6.0 million of charges associated with the impairment of long-lived assets.

(6) The amounts for 1998 are inclusive of \$0.5 million of expense associated with accrued severance costs, \$1.4 million of one-time merger and related charges associated with acquisitions and \$14.5 million of acquisition related in-process research and development costs.

(7) The amounts for 1998 are inclusive of \$3.9 million of acquisition related in process research and development costs incurred by a joint venture entity, \$7.3 million of charges associated with the write-down of marketable securities and \$16.4 million of one-time charges as identified in note (6) above.

(8) The amounts for 1997 are inclusive of \$12.2 million of charges associated with the impairment of long-lived assets and one-time merger and related charges associated with an acquisition.

(9) The amounts for 1997 are inclusive of \$2.8 million of expense associated with acquisition related in-process research and development costs incurred by a joint venture entity, \$1.2 million of one-time merger and related charges associated with an acquisition and \$12.2 million of one-time charges as identified in note (8) above.

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

The following should be read in conjunction with the Consolidated Financial Statements and the notes thereto that appear elsewhere in this document. The following discussion and analysis compares the year ended December 31, 2001 ("2001") to the year ended December 31, 2000 ("2000"), and 2000 to the year ended December 31, 1999 ("1999").

The following discussion and analysis and other sections of this document contain forward-looking statements that involve risks and uncertainties. Words such as "may," "expects," "projects," "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 this Form 10-K for the year ended December 31, 2001 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 outsourced customer management solutions and services through two business segments- Business Services and Business Solutions.

Business Services provides customer support outsourcing with emphasis on technical support and customer service, delivered through multiple communication channels encompassing phone, e-mail, web and chat. Revenue from technical support and customer service, provided through the Company's support centers, is 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. Revenue from fulfillment services is generally billed on a per unit basis.

Business Solutions provides consultative professional services and technical staffing in customer relationship management (CRM) with a focus on business strategy, project management, business process redesign, change management, knowledge management, education, training and web development. Revenues from Business Solutions 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 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 costs.

Other income (expense) consists primarily of interest expense, net of interest income, the gain on sale of SHPS in 2000 and foreign currency transaction gains and losses. Foreign currency transaction gains and losses generally result from exchange rate fluctuations on intercompany transactions.

Recognition of income associated with grants from local or state governments of land and the acquisition of property, buildings and equipment is deferred and recognized as a reduction of depreciation expense included within general and administrative costs over the corresponding useful lives of the related assets. Amounts received in excess of the cost of the building are allocated to equipment and, only after the grants are released from escrow, recognized as a reduction of depreciation expense over the weighted average useful life of the related equipment, which approximates five years. Deferred property and equipment grants, net of amortization, totaled \$39.5 million and \$31.8 million at December 31, 2001 and 2000, respectively.

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 tax basis difference on the sale of an equity interest in SHPS during 2000.

## 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 operations:

	Years Ended December 31,		
	2001	2000	1999
-----			
PERCENTAGES OF REVENUES:			
Revenues .....	100.0%	100.0%	100.0%
Direct salaries and related costs .....	63.4	63.3	64.6
General and administrative .....	33.3	32.4	27.9
Compensation expense associated with exercise of options .....	--	1.3	--
Restructuring and other charges .....	2.9	5.0	--
Impairment of long-lived assets .....	0.3	--	1.0
-----			
Income (loss) from operations .....	0.1	(2.0)	6.5
Other income (expense)(1) .....	--	13.4	(0.6)
-----			
Income before provision (benefit) for income taxes and cumulative effect of change in accounting principle .....	0.1	11.4	5.9
Provision (benefit) for income taxes .....	--	3.5	2.4
-----			
Income before cumulative effect of change in accounting principle .....	0.1	7.9	3.5
Cumulative effect of change in accounting principle .....	--	(0.2)	--
-----			
Net income .....	0.1%	7.7%	3.5%
=====			

(1) Includes gain on sale of a 93.5% ownership interest in SHPS of 13.9% in 2000.

## 2001 COMPARED TO 2000

### REVENUES

For 2001, the Company recorded consolidated revenues of \$496.7 million, a decrease of \$106.9 million or 17.7%, from \$603.6 million of consolidated revenues for the comparable period during 2000. Exclusive of SHPS, in which 93.5% of the Company's ownership interest was sold on June 30, 2000, and exclusive of U.S. fulfillment and the Company's localization operations, from which the Company exited in connection with the fourth quarter 2000 restructuring, revenues decreased \$39.3 million or 7.3% for 2001 to \$496.0 million, from \$535.3 million for the comparable period during 2000. This decrease in revenue was the result of a \$31.8 million or 6.5% decrease in Business Services' revenues, exclusive of SHPS and U.S. fulfillment operations, and a decrease of \$7.5 million or 17.0% from Business Solutions' revenues, exclusive of the Company's localization operations.

The decrease in Business Services' revenues for 2001 was primarily attributable to continued delays in new sales due to cautious spending decisions and reductions in clients and client volumes as a result of the economic slowdown and the Company's decision to unwind certain relationships with high-risk dot.com companies. The Company's revenues were also affected by continued declines in European fulfillment revenues due to lower overall demand and cutbacks from clients that are challenged by the current economic and market environment and a \$3.5 million one-time licensing fee recorded during the comparable period in 2000.

The decrease in Business Solutions' revenues for 2001 was primarily due to competitive pricing pressures and a decline in the demand for consultative professional services, including technical staffing, from clients who have been affected by the economic slowdown and have reacted by delaying technical projects.

## **DIRECT SALARIES AND RELATED COSTS**

Direct salaries and related costs decreased \$67.1 million or 17.6% to \$315.1 million for 2001, from \$382.2 million in 2000. As a percentage of revenues (excluding the \$3.5 million one-time licensing fee in 2000), direct salaries and related costs decreased slightly to 63.4% in 2001 from 63.7% for the comparable period in 2000. The decrease in direct salaries and related costs was primarily attributable to a \$49.5 million decrease in direct salaries and related costs associated with SHPS, U.S. fulfillment and the Company's localization operations and an \$8.5 million decrease in direct material costs associated primarily with the European fulfillment services. As a percentage of revenues (excluding the \$3.5 million one-time licensing fee in 2000), direct salaries and related costs, exclusive of SHPS, U.S. fulfillment and the Company's localization operations, increased to 63.5% in 2001 from 62.5% for the comparable period in 2000.

## **GENERAL AND ADMINISTRATIVE**

General and administrative expenses decreased \$30.0 million or 15.4% to \$165.4 million for 2001, from \$195.4 million in 2000. As a percentage of revenues (excluding the \$3.5 million one-time licensing fee in 2000), general and administrative expenses increased to 33.3% in 2001 from 32.6% for the comparable period in 2000. The decrease in the dollar amount of general and administrative expenses was primarily attributable to a \$28.2 million decrease in general and administrative expenses associated with SHPS, U.S. fulfillment and the Company's localization operations, a \$2.6 million decrease in telephone expense and a \$4.7 million decrease in bad debt expense offset by a \$3.9 million increase in depreciation and amortization associated with facility and capital equipment expenditures incurred in connection with both technology infrastructure and the expansion of the Company's technical and customer support centers. As a percentage of revenues (excluding the \$3.5 million one-time licensing fee in 2000), general and administrative expenses, exclusive of SHPS, U.S. fulfillment and the Company's localization operations, increased to 33.3% in 2001 from 32.8% for the comparable period in 2000.

## **COMPENSATION EXPENSE**

Compensation expense associated with the exercise of options was zero and \$7.8 million for 2001 and 2000, respectively. The charge in 2000 related to payments made to certain SHPS' option holders as part of the Company's sale of a 93.5% ownership interest in SHPS that occurred on June 30, 2000.

## **RESTRUCTURING AND OTHER CHARGES**

The Company recorded restructuring and other charges of \$14.6 million and \$30.5 million during 2001 and 2000, respectively. The 2001 charges included

(1) the closure and consolidation of two U.S. Business Services customer support centers; (2) the closure of two U.S. Business Solutions offices; (3) the closure of one European fulfillment center; (4) elimination of redundant property, leasehold improvements and equipment; (5) lease termination costs associated with vacated properties and equipment; and (6) severance and related costs. The 2000 charges included (1) the consolidation of certain of the Company's fulfillment operations and its Tampa, Florida technical support center and the elimination of the worldwide translation and localization business; (2) the consolidation of certain of the Company's professional services locations; (3) elimination of redundant property, leasehold improvements and equipment; (4) lease termination costs associated with vacated properties and transportation equipment; and (5) severance and related costs.

## **IMPAIRMENT OF LONG-LIVED ASSETS**

The Company recorded an impairment charge of \$1.5 million during 2001 related to the write-off of certain non-performing assets, including software and equipment no longer used by the Company.

## **OTHER INCOME AND EXPENSE**

Other income was \$0.1 million during 2001 compared to other expense of \$2.8 million during 2000, exclusive of the gain on the sale of SHPS of \$84.0 million. This decrease was attributable to a decrease of \$3.4 million in interest expense associated with a decrease in the Company's average outstanding debt position. The Company's average outstanding debt balance for 2001 was \$1.4 million compared to \$54.4 million for 2000. The decrease in the average debt balance is principally due to the repayment of debt from net cash flows provided by operating activities and the proceeds generated from the sale of SHPS.

On June 30, 2000, the Company sold 93.5% of its ownership interest in SHPS for \$165.5 million cash. The sale of SHPS resulted in a gain for financial accounting purposes of \$84.0 million (\$59.9 million net of taxes) in 2000.

## **INCOME TAXES**

The benefit for income taxes was \$0.2 million for 2001, compared to a provision for income taxes of \$21.2 million for 2000. The decrease of \$21.4 million in the provision (benefit) for income taxes was primarily attributable to the decrease in income for 2001 (as the comparable

period in 2000 included the gain on sale of SHPS), shifts in the Company's mix of earnings within tax jurisdictions and the tax benefit associated with the disposition of a foreign subsidiary initiated during the third quarter of 2001. The provision (benefit) for income taxes differs from the expected provision (benefit) for income taxes, when applying the statutory federal income tax rate, primarily due to the beneficial effects of the disposition of a foreign subsidiary, the effects of foreign, state and local income taxes, foreign income not subject to federal and state income taxes, valuations on net operating loss carryforwards and foreign asset basis step up, non-deductible intangibles and other permanent differences.

## **NET INCOME**

As a result of the foregoing, inclusive of restructuring, other and impairment charges identified above, net income decreased to \$0.4 million in 2001 from \$46.8 million in 2000. Exclusive of \$14.6 million in restructuring and other charges and \$1.5 million in impairment charges, net income for 2001 would have been \$11.3 million.

## **2000 COMPARED TO 1999**

### **REVENUES**

For 2000, the Company recorded consolidated revenues of \$603.6 million, an increase of \$30.9 million or 5.4%, from the \$572.7 million of consolidated revenues for the comparable period during 1999. Exclusive of SHPS (in which 93.5% of the Company's ownership interest was sold on June 30, 2000), revenues increased \$68.2 million or 13.6% to \$567.9 million for 2000 from \$499.7 million for the comparable period during 1999. This growth in revenue was the result of a \$29.0 million or 5.5% increase in Business Services' revenues (\$66.3 million or 14.8% exclusive of SHPS) and an increase of \$1.9 million or 3.8% from Business Solutions' revenues.

The increase in Business Services' revenues for 2000 was primarily attributable to an increase in the number of technical and customer support centers providing services throughout the period, and the resulting increase in e-mail requests and telephony call volumes from clients, the licensing of the Company's diagnostic software, partially offset by a decrease from distribution and fulfillment services revenues. The new support centers were required as a result of continued organic growth of technical and customer support services from both e-commerce and telephony support services. The Company had an additional four domestic and two international technical and customer support centers fully operational in 2000 and significantly expanded an additional four international centers. During 2000, the Company recognized \$8.0 million of revenue associated with the licensing of the Company's diagnostic software, of which \$3.5 million related to a one-year AnswerTeam(TM) licensing agreement and \$3.6 million related to the pro rata recognition of revenue associated with a multi-year AnswerTeam(TM) licensing agreement completed during 1999. The decrease in distribution and fulfillment services revenues for 2000 was primarily attributable to the closing of three international and two domestic distribution and fulfillment centers as part of the Company's restructuring plans and a client's decision to discontinue its operations within North America.

The increase in Business Solutions' revenues was attributable to a focus on professional e-commerce services, including web design, development and program management and an increase in the average bill rate charged for consulting services. The increase in Business Solutions' revenues for 2000 is partially offset by a \$0.7 million decline in worldwide translation and localization services and a \$1.9 million reduction in revenues associated with the sale of the Company's Manufacturing and Distribution operations during the second quarter of 1999.

### **DIRECT SALARIES AND RELATED COSTS**

Direct salaries and related costs increased \$12.3 million or 3.3% to \$382.2 million for 2000, from \$369.9 million in 1999. As a percentage of revenues, direct salaries and related costs decreased to 63.3% in 2000 from 64.6% for the comparable period in 1999. The increase in the dollar amount was primarily attributable to a \$43.4 million increase in salaries and benefits to support revenue growth and associated training costs, partially offset by a \$27.3 million decrease in direct material costs associated with distribution and fulfillment services. Exclusive of SHPS, direct salaries and all related costs increased \$35.1 million or 10.8% to \$359.0 million or 63.2% of revenue. The decrease in direct salaries and all related costs as a percentage of revenue resulted from economies of scale associated with spreading costs over a larger revenue base.

### **GENERAL AND ADMINISTRATIVE**

General and administrative expenses increased \$35.5 million or 22.2% to \$195.4 million for 2000, from \$159.9 million in 1999. As a percentage of revenues, general and administrative expenses increased to 32.4% in 2000 from 27.9% for the comparable period in 1999. The increase in both the dollar amount and percentage of revenue of general and administrative expense was

primarily attributable to a \$15.2 million increase in salaries and benefits to support the Company's organic growth, an \$8.2 million increase in telecom costs, a \$4.0 million increase in lease and rent expense, a \$2.5 million increase in depreciation expense associated with facility and capital equipment expenditures all generally incurred in connection with the expansion of the Company's technical and customer support services, and a \$6.9 million increase in bad debt expense due principally to weaker economic conditions for dot.com clients. Exclusive of SHPS, general and administrative expenses increased \$45.8 million or 33.0% to \$184.5 million, or 32.5% of revenue.

## **COMPENSATION EXPENSE**

Compensation expense associated with the exercise of options was \$7.8 million for 2000. This charge related to payments made to certain SHPS' option holders as part of the Company's sale of a 93.5% ownership interest in SHPS that occurred on June 30, 2000.

## **RESTRUCTURING AND OTHER CHARGES**

The Company recorded restructuring and other charges of \$30.5 million during 2000. These charges were associated with (1) the consolidation of certain of the Company's fulfillment operations in Europe and its Tampa, Florida technical support center; (2) the closure of the U.S. fulfillment operations;

(3) the elimination of the worldwide translation and localization business; (4) the consolidation of certain of the Company's professional services locations;

(5) elimination of redundant property, leasehold improvements and equipment; (6) lease termination costs associated with vacated properties and transportation equipment; and (7) severance payments to the Company's former President.

## **OTHER INCOME AND EXPENSE**

Other income was \$81.2 million during 2000, compared to other expense of \$3.5 million during 1999. Excluding the \$84.0 million gain associated with the sale of SHPS, the Company reported other expense of \$2.8 million for 2000. The decrease in other expense for 2000, excluding the gain for the sale of SHPS, was attributable to a decrease in interest expense associated with a decrease in the Company's average outstanding debt position, partially offset by additional interest expense of \$0.7 million related to the cancellation of a contractual obligation. The Company's average debt balance for 2000 was \$44.8 million compared to \$78.8 million for 1999. The decrease in the average debt balance is principally due to the repayment of debt from the proceeds generated from the sale of SHPS, partially offset by increases in debt from capital expenditures and the Company's repurchase of 3.0 million shares of its common stock during 2000 that are being held as treasury shares. On June 30, 2000, the Company sold 93.5% of its ownership interest in SHPS for \$165.5 million cash. The sale of SHPS resulted in a gain for financial accounting purposes of \$84.0 million (\$59.9 million net of taxes).

## **INCOME TAXES**

The provision for income taxes increased \$8.2 million to \$21.2 million for 2000 from \$13.0 million for the comparable period in 1999. The increase in the provision for income taxes was primarily attributable to the gain associated with the sale of SHPS, partially offset by the compensation expense associated with the exercise of options and the restructuring and other charges that were incurred during 2000. The Company's effective tax rate exclusive of the gain and one-time items was 38.7% for 2000 compared to 38.7% for the comparable 1999 period.

## **NET INCOME**

As a result of the foregoing, inclusive of one-time items identified above, net income increased to \$46.8 million in 2000 from \$20.5 million in 1999. Exclusive of one-time items, including a gain of \$84.0 million for the sale of SHPS, \$7.8 million related to payouts made to SHPS' options holders and \$30.5 million in restructuring and other charges, net income for 2000 would have been \$12.9 million.

## QUARTERLY RESULTS

The following information presents unaudited quarterly operating results for the Company for 2001 and 2000. 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 operating results for the quarters ended September 30, 2000, June 30, 2000 and March 31, 2000 have been adjusted to give effect to Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements," which was adopted in the fourth quarter of 2000, retroactive to January 1, 2000 in accordance with Statement of Financial Accounting Standards No. 3, "Reporting Accounting Changes in Interim Financial Statements."

AS ADJUSTED FOR SAB 101, EFFECTIVE JANUARY 1, 2000 (In thousands, except per share data)	12/31/01	9/30/01	6/30/01	3/31/01	12/31/00	9/30/00	6/30/00	3/31/00
Revenues .....	\$120,307	\$112,742	\$123,252	\$140,421	\$148,144	\$136,954	\$155,798	\$162,710
Direct salaries and related costs .....	76,670	71,323	78,413	88,712	94,003	87,940	98,422	101,871
General and administrative .....	41,431	40,518	40,193	43,247	48,609	52,064	47,787	46,914
Compensation expense associated with exercise of options .....	--	--	--	--	--	--	7,836	--
Restructuring and other charges .....	14,600	--	--	--	20,828	--	9,640	--
Impairment of long-lived assets .....	1,480	--	--	--	--	--	--	--
Income (loss) from operations .....	(13,874)	901	4,646	8,462	(15,296)	(3,050)	(7,887)	13,925
Other income (expense)(1) .....	114	139	158	(360)	800	(1,434)	83,076	(1,237)
Income (loss) before provision (benefit) for income taxes and cumulative effect of change in accounting principle .....	(13,760)	1,040	4,804	8,102	(14,496)	(4,484)	75,189	12,688
Provision (benefit) for income taxes .....	(4,412)	(667)	1,777	3,079	(3,765)	(1,660)	21,693	4,923
Income (loss) before cumulative effect of change in accounting principle .....	\$(9,348)	1,707	3,027	5,023	(10,731)	(2,824)	53,496	7,765
Cumulative effect of change in accounting principle, net of income taxes of \$580 ...	--	--	--	--	--	--	--	(919)
Net income (loss) .....	\$ (9,348)	\$ 1,707	\$ 3,027	\$ 5,023	\$(10,731)	\$(2,824)	\$ 53,496	\$ 6,846
Net income (loss) per basic share(2):								
Income (loss) before cumulative effect of change in accounting principle .....	\$ (0.23)	\$ 0.04	\$ 0.08	\$ 0.13	\$ (0.27)	\$ (0.07)	\$ 1.27	\$ 0.18
Cumulative effect of change in accounting principle .....	--	--	--	--	--	--	--	(0.02)
Net income (loss) per basic share .....	\$ (0.23)	\$ 0.04	\$ 0.08	\$ 0.13	\$ (0.27)	\$ (0.07)	\$ 1.27	\$ 0.16
Total weighted average basic shares .....	40,242	40,175	40,164	40,137	40,373	41,134	42,031	42,606
Net income (loss) per diluted share(2):								
Income (loss) before cumulative effect of change in accounting principle .....	\$ (0.23)	\$ 0.04	\$ 0.07	\$ 0.12	\$ (0.27)	\$ (0.07)	\$ 1.27	\$ 0.18
Cumulative effect of change in accounting principle .....	--	--	--	--	--	--	--	(0.02)
Net income (loss) per diluted share .....	\$ (0.23)	\$ 0.04	\$ 0.07	\$ 0.12	\$ (0.27)	\$ (0.07)	\$ 1.27	\$ 0.16
Total weighted average diluted shares .....	40,242	40,520	40,463	40,251	40,373	41,134	42,098	42,902

(1) The quarter ended June 30, 2000 includes an \$84.0 million gain associated with the sale of SHPS.

(2) Net income (loss) per basic and diluted share are computed independently for each of the quarters presented and therefore may not sum to the total for the year.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's primary sources of liquidity are cash flows generated by operating activities and from available borrowings under its credit facilities. The Company has utilized its capital resources to make capital expenditures associated primarily with its technical and customer support services, invest in technology applications and tools to further develop the Company's service offerings and for working capital and other general corporate purposes. In future periods, the Company intends similar uses of any such funds, including possible acquisitions providing access to certain geographic markets.

In 2001, the Company generated \$60.7 million in cash from operating activities and received \$9.1 million in cash from grant proceeds which were used primarily to invest \$39.1 million in capital expenditures, pay down \$8.4 million in borrowings under the Company's credit facilities and increase available cash \$19.9 million.

Net cash flows provided by operating activities for 2001 was \$60.7 million compared to \$23.3 million for 2000. The \$37.4 million increase in net cash flows provided by operating activities or \$46.7 million decrease in net cash flows excluding the gain on sale of SHPS in 2000, was a result of a decrease in net income of \$46.4 million and a net decrease in non-cash expenses of \$9.7 million offset by a net increase in assets and liabilities of \$9.4 million. This net increase in assets and liabilities of \$9.4 million was principally due to an increase in the net cash flows generated from the decrease of \$77.2 million in receivables, primarily due to increased collection efforts and a decrease in revenues, a decrease of \$5.0 million in other assets, related to the settlement of the Kyrus lawsuit, offset by a decrease in deferred revenue of \$10.1 million, primarily related to revenue for diagnostic software, a decrease in income taxes payable of \$17.9 million, primarily related to the taxes on the gain on the sale of SHPS in 2000, and a decrease of \$44.8 million in accounts payable and other accrued accounts.

Capital expenditures, which are generally funded by cash generated from operating activities and borrowings available under the Company's credit facilities, were \$39.1 million for 2001 compared to \$72.3 million for 2000. Capital expenditures for 2001 were \$33.2 million lower than 2000, or \$25.9 million lower excluding SHPS. In 2001, approximately 75% of the capital expenditures were the result of investing in new and existing technical and customer support centers and 25% was expended for systems infrastructure and other assets. The Company anticipates capital expenditures in the range of \$30.0 million to \$35.0 million for the year 2002.

The primary sources of cash flows from financing activities are from borrowings under the Company's credit facilities with a syndicate of lenders. On December 21, 2001, in connection with a reorganization of certain of the Company's legal entities intended to provide for a more efficient transfer of funds on a global basis, the Company amended and restated its existing credit facilities (the "Amended Credit Facilities"). The Amended Credit Facilities provided that two new U.S. subsidiaries become additional guarantors and that the Company pledge between 65% and 100% of the common stock of all of the Company's material subsidiaries. Pursuant to the terms of the Amended Credit Facilities, the amount of the Company's revolving credit facility is \$100.0 million. The \$100.0 million revolving credit facility includes a \$10.0 million swingline loan to be used for working capital purposes. In addition, the Company has a \$15.0 million multi-currency credit facility that provides for multi-currency lending. The revolving credit facility expires on February 28, 2003, and the multi-currency facility expired on February 28, 2002. The Amended Credit Facilities prohibit, without the consent of the syndicated lenders, the Company from incurring additional indebtedness, limits certain investments, advances or loans, and restricts substantial asset sales, capital expenditures, stock repurchases and cash dividends. At December 31, 2001, the Company was in compliance with all loan requirements. At December 31, 2001, the Company had \$50.0 million in cash and cash equivalents and \$115.0 million of availability under its credit facilities.

The Company believes that its current cash levels, available 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 for the foreseeable future.

The following summarizes the Company's contractual cash obligations at December 31, 2001, and the effect such obligations are expected to have on its liquidity and cash flow in future periods.

(In thousands)	Payments Due By Period				
	Total	Less Than 1 Year	1-3 Years	4-5 Years	After 5 Years
<b>CONTRACTUAL CASH OBLIGATIONS:</b>					
Capital lease obligations .....	\$ 94	\$ 94	\$ --	\$ --	\$ --
Operating leases .....	49,623	11,225	13,070	6,455	18,873
Unconditional purchase obligations .....	4,709	2,400	2,309	--	--
<b>Total contractual cash obligations .....</b>	<b>\$ 54,426</b>	<b>\$ 13,719</b>	<b>\$ 15,379</b>	<b>\$ 6,455</b>	<b>\$ 18,873</b>

At December 31, 2001 and 2000, the Company did not have any other commercial commitments, such as guarantees or standby repurchase obligations, or any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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. These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates under different assumptions or conditions.

The Company believes the following accounting policies are the most critical since these policies require significant judgment or involve complex estimations that are important to the portrayal of the Company's financial condition and operating results:

- The Company recognizes revenue associated with the grants of land and the grants for the acquisition of property, buildings and equipment for customer support centers over the corresponding useful lives of the related assets. Should the useful lives of these assets change for reasons such as the sale or disposal of the property, the amount of revenue recognized would be adjusted accordingly.
- The Company recognizes revenue as work progresses on fixed price contracts using the percentage-of-completion method of accounting, which relies on estimates of total expected revenue and related costs. Revisions to these estimates, which could result in adjustments to fixed price contracts and estimated losses, would be recorded in the period when such adjustments or losses are known.
- The Company maintains allowances for doubtful accounts for estimated losses arising from the inability of its customers to make required payments. If the financial condition of the Company's customers were to deteriorate, resulting in a reduced ability to make payments, additional allowances may be required which would reduce income.
- The Company records valuation allowances to reduce the deferred tax assets to the amount that is more likely than not to be recognized. While the Company considers taxable income in assessing the need for a valuation allowance, in the event the Company determines it would be able to realize its deferred tax assets in the future in excess of the net recorded amount, an adjustment would be made and income increased in the period of such determination. Likewise, in the event the Company determines it would not be able to realize all or part of its deferred tax assets in the future, an adjustment would be made and charged against income in the period of such determination.
- The Company holds a minority interest in SHPS, Incorporated as a result of the sale of a 93.5% ownership interest in June 2000. If the Company believes the investment has experienced a decline in value that is other than temporary, the Company would record an impairment charge or loss. Future adverse changes in market conditions or poor operating results of the underlying investment could result in losses or an inability to recover the carrying value of the investment that may not be reflected therein; and therefore, might require the Company to record an impairment charge in the future.

- The Company reviews long-lived assets, including goodwill and certain identifiable intangibles, for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Upon determination that the carrying value of the asset is impaired, the Company would record an impairment charge or loss. Future adverse changes in market conditions or poor operating results of the underlying investment could result in losses or an inability to recover the carrying value of the investment that may not be reflected therein; and therefore, might require the Company to record an impairment charge in the future.

## **RELATED PARTY TRANSACTIONS**

During 2000, the Company terminated its ten-year operating lease agreement with the Company's Chairman (and majority shareholder) for its corporate aircraft and paid a lease termination fee of \$3.5 million. This lease termination payment is included in restructuring and other charges in the accompanying Consolidated Statement of Income for the year ended December 31, 2000. Since the lease termination, the Company paid the Chairman (and majority shareholder) \$0.8 million and \$0.2 million for the use of the corporate aircraft in 2001 and 2000, respectively. The lease expense for each of the years ended December 31, 2000 and 1999, exclusive of lease termination payments, was \$0.3 million and \$0.6 million, respectively.

The Board of Directors determined that a note receivable of \$0.4 million due from the Company's Chairman (and majority shareholder) was a corporate expense to be forgiven and charged against income for the year ended December 31, 2001.

During the years ended December 31, 2001 and 2000, the Company also paid a company, in which the Chairman (and majority shareholder) has an 80% equity interest, \$0.5 million and \$0.3 million, respectively, for management and site development services. This arrangement was terminated in July 2001.

A member of the board of directors of the Company received broker commissions from the Company's 401(k) investment firm of \$0.03 million for each of the years ended December 31, 2001, 2000, and 1999, respectively, and insurance commissions for the placement of the Company's various corporate insurance programs of \$0.08 million for each of the years ended December 31, 2001, 2000 and 1999, respectively.

## **RECENT PRONOUNCEMENTS**

In July 2001, the FASB issued SFAS No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. It also specifies the types of acquired intangible assets that are required to be recognized and reported separate from goodwill. SFAS No. 142 requires that goodwill and certain intangibles with indefinite lives no longer be amortized, but instead tested for impairment at least annually. Upon adoption of SFAS No. 142 effective January 1, 2002, there was no impairment of goodwill and the application of the non-amortization provision of SFAS No. 142 for goodwill is expected to result in an increase in income from operations of \$0.7 million in 2002.

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations," which addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The standard applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, and development and (or) normal use of the asset. The Company is required and plans to adopt the provisions of SFAS No. 143 for the quarter ending March 31, 2003. Because of the effort necessary to comply with the adoption of SFAS No. 143, it is not practicable for management to estimate the impact of adopting this Statement at the date of this report.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 addresses the accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" and APB Opinion No. 30, "Reporting the Results of Operations--Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." The objective of SFAS No. 144 is to establish one accounting model for long-lived assets to be disposed of by sale as well as resolve implementation issues related to SFAS No. 121. The Company adopted SFAS No. 144 effective January 1, 2002, and the adoption of this statement had no impact on the financial condition, results of operations, or cash flows of the Company.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

### QUANTITATIVE AND QUALITATIVE DISCLOSURES

The Company's earnings and cash flows are subject to fluctuations due to changes in non-U.S. currency exchange rates. The Company is exposed to non-U.S. exchange rate fluctuations as the financial results of non-U.S. subsidiaries are translated into U.S. dollars in consolidation. As exchange rates vary, those results, when translated, may vary from expectations and adversely impact overall expected profitability. The cumulative translation effects for subsidiaries using functional currencies other than the U.S. dollar are included in accumulated other comprehensive income in shareholders' equity. Movements in non-U.S. currency exchange rates may affect the Company's competitive position, as exchange rate changes may affect business practices and/or pricing strategies of non-U.S. based competitors. Under its current policy, the Company does not use non-U.S. exchange derivative instruments to manage its exposure to changes in non-U.S. currency exchange rates.

At December 31, 2001, the Company had no debt outstanding at variable interest rates. Based on the Company's level of variable rate debt outstanding during 2001, a one-point increase in the weighted average interest rate would increase the Company's annual interest expense by approximately \$14.0 thousand. (The variable interest rates are generally equal to the Eurodollar rate plus an applicable margin.) The Company has not historically used derivative instruments to manage its exposure to changes in interest rates.

### ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and supplementary data required by this item are located beginning on page 31 and page 21 of this report, respectively.

### ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

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 2002 Annual Meeting of Shareholders.

## PART IV

### ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULE, AND REPORTS ON FORM 8-K

(a) THE FOLLOWING DOCUMENTS ARE FILED AS PART OF THIS REPORT:

#### (1) CONSOLIDATED FINANCIAL STATEMENTS

The Index to Consolidated Financial Statements is set forth on page 31 of this report.

#### (2) FINANCIAL STATEMENT SCHEDULE

Schedule II--Valuation and Qualifying Accounts is set forth on page 52 of this report.

#### (3) EXHIBITS

Exhibit No.	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 dated 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 Integration, Marketing and Distribution Agreement dated April 30, 1997 by and between Sykes Enterprises, Incorporated and SystemSoft Corporation.(8)
- 2.8 Stock Purchase Agreement dated May 6, 1997 by and between Sykes Enterprises, Incorporated and SystemSoft Corporation.(9)
- 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.(6)
- 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 and Dialog mbH, Sykes Enterprises, GmbH, and Sykes Enterprises, Incorporated.(7)
- 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.(10)
- 2.12 Shareholder Agreement dated December 11, 1997, by and among Sykes Enterprises, Incorporated and HealthPlan Services Corporation.(12)
- 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 1, 1998, between HealthPlan Services Corporation and Sykes Enterprises, Incorporated.(16)
- 2.15 Acquisition Agreement, dated November 23, 1998, by and among the holders of all of the capital interests of TAS GmbH Nord Telemarketing and Vertriebsberatung, Sykes Enterprises, GmbH, and Sykes Enterprises, Incorporated.(18)
- 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.(17)
- 2.17 Merger Agreement, dated as of June 9, 2000, among Sykes Enterprises, Incorporated, SHPS, Incorporated, Welsh Carson Anderson and Stowe, VIII, LP ("WCAS") and Slugger Acquisition Corp.(35)
- 3.1 Articles of Incorporation of Sykes Enterprises, Incorporated, as amended.(19)
- 3.2 Articles of Amendment to Articles of Incorporation of Sykes Enterprises, Incorporated, as amended.(20)
- 3.3 Bylaws of Sykes Enterprises, Incorporated, as amended.(21)
- 4.1 Specimen certificate for the Common Stock of Sykes Enterprises, Incorporated.(1)
- 10.1 Credit Agreement between NationsBank N.A. and Sykes Enterprises, Incorporated dated as of February 17, 1998.(14)
- 10.2 Amendment No. 1 to Credit Agreement between NationsBank N.A. and Sykes Enterprises, Incorporated dated as of March 20, 1998.(15)
- 10.3 Amended and Restated Credit Agreement among Sykes Enterprises, Incorporated and Bank of America, NA, dated May 2, 2000.(21)
- 10.4 Amendment No. 1 to Amended and Restated Credit Agreement among Sykes Enterprises, Incorporated and Bank of America, N.A., dated June 22, 2001.(38)

- 10.5 Amendment No. 2 to Amended and Restated Credit Agreement among Sykes Enterprises, Incorporated and Bank of America, N.A., dated December 21, 2001.
- 10.6 Credit Agreement among Sykes Enterprises, Incorporated and Bank of America, N.A. (formerly NationsBank, N.A.) dated February 27, 1998, as amended October 1998, January 18, 2000, May 2, 2000 and June 22, 2001.(39)
- 10.7 Amendment No. 5 to Credit Agreement among Sykes Enterprises, Incorporated and Bank of America, N.A., dated December 21, 2001.
- 10.8 Employment Agreement dated as of March 6, 2000 between James E. Lamar and Sykes Enterprises, Incorporated.(23)\*
- 10.9 Amended and Restated Employment Agreement dated as of February 18, 2002, between Charles E. Sykes and Sykes Enterprises, Incorporated.\*
- 10.10 Stock Option Agreement between Sykes Enterprises, Incorporated and David E. Garner dated as of December 31, 1995.(41)\*
- 10.11 Amended and Restated 1996 Employee Stock Option Plan.(36)\*
- 10.12 Amended and Restated 1996 Non-Employee Director Stock Option Plan.(36)\*
- 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.(13)\*
- 10.22 1999 Employees' Stock Purchase Plan.(22)\*
- 10.23 2000 Stock Option Plan.(24)\*
- 10.24 Employment Agreement dated as of March 6, 2000 between David L. Grimes and Sykes Enterprises, Incorporated.(25)\*
- 10.25 Termination of aircraft Lease Agreement between JHS Leasing of Tampa, Inc., as lessor and Sykes Enterprises, Incorporated as lessee dated June 30, 2000.(29)
- 10.26 Employment Agreement dated July 31, 2000 between James E. Lamar and Sykes Enterprises, Incorporated.(30)\*
- 10.27 Employment Separation Agreement dated as of September 20, 2000 between Dale W. Saville and Sykes Enterprises, Incorporated.(31)\*
- 10.28 Employment Separation Agreement dated as of September 22, 2000 between Scott J. Bendert and Sykes Enterprises, Incorporated.(32)\*
- 10.29 Employment Separation Agreement dated November 10, 2000 between David L. Grimes and Sykes Enterprises, Incorporated.(33)\*
- 10.30 Employment Agreement dated July 31, 2000 between Mitchell I. Nelson and Sykes Enterprises, Incorporated.(34)\*
- 10.31 Amended and Restated Employment Agreement dated as of October 1, 2001, between W. Michael Kipphut and Sykes Enterprises, Incorporated.\*
- 10.32 2001 Equity Incentive Plan.(37)\*
- 10.33 Employment Agreement dated as of March 6, 2000 between Scott J. Bendert and Sykes Enterprises, Incorporated.(26)\*

10.34 Employment Agreement dated as of March 6, 2000 between Dale W. Saville and Sykes Enterprises, Incorporated.(27)\*

- 10.35 Employment Separation Agreement dated July 5, 2001 between James E. Lamar and Sykes Enterprises, Incorporated.(40)\*
- 10.36 Amended and Restated Employment Agreement dated as of February 18, 2002, between Jenna R. Nelson and Sykes Enterprises, Incorporated.\*
- 10.37 Amended and Restated Employment Agreement dated as of February 18, 2002, between Gerry L. Rogers and Sykes Enterprises, Incorporated.\*
- 10.38 Amended and Restated Executive Employment Agreement dated as of October 1, 2001 between John H. Sykes and Sykes Enterprises, Incorporated.\*
- 10.39 Employment Agreement dated as of October 1, 2001, between James T. Holder and Sykes Enterprises, Incorporated.\*
- 10.40 Stock Option Agreement dated as of October 1, 2001, between Sykes Enterprises, Incorporated and James T. Holder.\*
- 10.41 Stock Option Agreement dated as of October 1, 2001, between Sykes Enterprises, Incorporated and W. Michael Kipphut.\*
- 10.42 Stock Option Agreement dated as of January 8, 2002, between Sykes Enterprises, Incorporated and John H. Sykes.\*
- 10.43 Amended and Restated Employment Agreement dated as of March 6, 2002, between Sykes Enterprises, Incorporated and Harry A. Jackson, Jr.\*
- 10.44 Employment Agreement dated as of October 1, 2001, between Sykes Enterprises, Incorporated and William N. Rocktoff.\*
- 10.45 Employment Separation Agreement dated as of November 5, 2001, between Mitchell Nelson and Sykes Enterprises, Incorporated.\*
- 21.1 List of subsidiaries of Sykes Enterprises, Incorporated.
- 23.1 Consent of Deloitte & Touche LLP.
- 23.2 Consent of Ernst & Young LLP.
- 24.1 Power of Attorney relating to subsequent amendments (included on the signature page of this report).

\* Indicates management contract or compensatory plan or arrangement

(1) Filed as an Exhibit to the Registrant's Registration Statement on Form S-1 (Registration No. 333-2324) and incorporated herein by reference.

(2) Filed as Exhibit 2.1 to the Registrant's Form 8-K dated July 31, 1996, and incorporated herein by reference.

(3) Filed as Exhibit 2.1 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) filed with the Commission on January 27, 1997, and incorporated herein by reference.

(5) Filed as Exhibit 2.6 to the Registrant's Form 10-Q filed with the Commission on May 8, 1997, and incorporated herein by reference.

(6) Filed as Exhibit 2.2 to the Registrant's Current Report on Form 8-K filed with the Commission on October 21, 1997, and incorporated herein by reference.

(7) Filed as Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the Commission on February 13, 1998, and incorporated herein by reference.

(8) Filed as Exhibit 2.8 to the Registrant's Form 10-Q filed with the Commission on August 18, 1997, and incorporated herein by reference.

(9) Filed as Exhibit 2.7 to the Registrant's Form 10-Q filed with the Commission on August 18, 1997, and incorporated herein by reference.

(10) Filed as Exhibit 2.2 to the Registrant's Current Report on Form 8-K filed with the Commission on February 13, 1998, and incorporated herein by reference.

(11) Filed as Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the Commission on dated January 15, 1998, and incorporated herein by reference.

(12) Filed as Exhibit 2.12 to the Registrant's Form 10-K filed with the Commission on March 16, 1998, and incorporated herein by reference.

(13) Filed as Exhibit 10 to the Registrant's Form 10-Q filed with the Commission on July 28, 1998, and incorporated herein by reference.

(14) Filed as Exhibit 10.1 to the Registrant's Form 10-Q filed with the Commission on April 28, 1998, and incorporated herein by reference.

- (15) Filed as Exhibit 10.2 to the Registrant's Form 10-Q filed with the Commission on April 28, 1998, and incorporated herein by reference.
- (16) Filed as Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the Commission on September 25, 1998, and incorporated herein by reference.
- (17) Filed as an Exhibit to the Registrant's Current Report on Form 8-K dated December 29, 1998, and incorporated herein by reference.
- (18) Filed as Exhibit 2.15 to the Registrant's Form 10-K filed with the Commission on March 29, 1999, and incorporated herein by reference.
- (19) Filed as Exhibit 3.1 to the Registrant's Registration Statement on Form S-3 filed with the Commission on October 23, 1997, and incorporated herein by reference.
- (20) Filed as Exhibit 3.2 to the Registrant's Form 10-K filed with the Commission on March 29, 1999, and incorporated herein by reference.
- (21) Filed as Exhibit 3.2 to the Registrant's Registration Statement on Form S-3 filed with the Commission on October 23, 1997, and incorporated herein by reference.
- (22) Filed as Exhibit 10.19 to the Registrant's Form 10-K filed with the Commission on March 29, 1999, and incorporated herein by reference.
- (23) Filed as Exhibit 10.8 to the Registrant's Form 10-K filed with the Commission on March 29, 2000, and incorporated herein by reference.
- (24) Filed as Exhibit 10.23 to the Registrant's Form 10-K filed with the Commission on March 29, 2000, and incorporated herein by reference.
- (25) Filed as Exhibit 10.3 to the Registrant's Form 10-K filed with the Commission on March 29, 2000, and incorporated herein by reference.
- (26) Filed as Exhibit 10.4 to the Registrant's Form 10-K filed with the Commission on March 29, 2000, and incorporated herein by reference.
- (27) Filed as Exhibit 10.6 to the Registrant's Form 10-K filed with the Commission on March 29, 2000, and incorporated herein by reference.
- (28) Filed as Exhibit 10.24 to the Registrant's Form 10-Q filed with the Commission on August 14, 2000, and incorporated herein by reference.
- (29) Filed as Exhibit 10.25 to the Registrant's Form 10-Q filed with the Commission on August 14, 2000, and incorporated herein by reference.
- (30) Filed as Exhibit 10.26 to the Registrant's Form 10-Q filed with the Commission on November 20, 2000, and incorporated herein by reference.
- (31) Filed as Exhibit 10.27 to the Registrant's Form 10-Q filed with the Commission on November 20, 2000, and incorporated herein by reference.
- (32) Filed as Exhibit 10.28 to the Registrant's Form 10-Q filed with the Commission on November 20, 2000, and incorporated herein by reference.
- (33) Filed as Exhibit 10.29 to the Registrant's Form 10-K filed with the Commission on March 27, 2001, and incorporated herein by reference.
- (34) Filed as Exhibit 10.30 to the Registrant's Form 10-K filed with the Commission on March 27, 2001, and incorporated herein by reference.
- (35) Filed as Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the Commission on July 17, 2000, and incorporated herein by reference.
- (36) Filed as Exhibit 10.12 to Registrant's Form 10-Q filed with the Commission on May 7, 2001, and incorporated herein by reference.
- (37) Filed as Exhibit 10.32 to Registrant's Form 10-Q filed with the Commission on May 7, 2001, and incorporated herein by reference.
- (38) Filed as Exhibit 10.33 to Registrant's Form 10-Q filed with the Commission on August 14, 2001, and incorporated herein by reference.
- (39) Filed as Exhibit 10.34 to Registrant's Form 10-Q filed with the Commission on August 14, 2001, and incorporated herein by reference.
- (40) Filed as Exhibit 10.35 to Registrant's Form 10-Q filed with the Commission on August 14, 2001, and incorporated herein by reference.
- (41) Filed as Exhibit 10.9 to the Registrant's Form 10-K filed with the Commission on March 29, 2000, and incorporated herein by reference.

(b) REPORTS ON FORM 8-K

The Company filed no reports on Form 8-K during the quarter ended December 31, 2001.

## 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 15th day of March 2002.

**SYKES ENTERPRISES, INCORPORATED**  
(Registrant)

By: /s/ W. Michael Kipphut

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W. Michael Kipphut,  
Group Executive, Senior Vice President-Finance

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 W. Michael Kipphut 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 attorney-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 should do in person, thereby 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, President, and Chief Executive Officer (Principal Executive Officer)	March 15, 2002
/s/ Gordon H. Loetz ----- Gordon H. Loetz	Vice Chairman of the Board and Director	March 15, 2002
/s/ Furman P. Bodenheimer, Jr. ----- Furman F Bodenheimer, Jr.	Director	March 15, 2002
/s/ H. Parks Helms ----- H. Parks Helms	Director	March 15, 2002
/s/ Linda F. McClintock-Greco ----- Linda F. McClintock-Greco	Director	March 15, 2002
/s/ Hugh L. McColl, Jr. ----- Hugh L. McColl, Jr.	Director	March 15, 2002
/s/ William J. Meurer ----- William J. Meurer	Director	March 15, 2002
/s/ Ernest J. Milani ----- Ernest J. Milani	Director	March 15, 2002
/s/ Thomas F. Skelly ----- Thomas F. Skelly	Director	March 15, 2002

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheet of Sykes Enterprises, Incorporated and subsidiaries, (the "Company") as of December 31, 2001, and the related consolidated statements of operations, changes in shareholders' equity, and cash flows for the year then ended. Our audit also included the financial statement schedule as of and for the year ended December 31, 2001, listed in the Index at Item 14. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material aspects, the financial position of Sykes Enterprises, Incorporated and subsidiaries at December 31, 2001 and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, such financial statement schedule as of and for the year ended December 31, 2001, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

*/s/ Deloitte & Touche LLP*  
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*Certified Public Accountants*

*Tampa, Florida*  
*February 14, 2002*

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying consolidated balance sheets of Sykes Enterprises, Incorporated as of December 31, 2000, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the two years in the period ended December 31, 2000. Our audits also included the financial statement schedule listed in the Index at Item 14(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule 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 at December 31, 2000, and the consolidated results of its operations and its cash flows for each of the two years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 1, the Company changed its method of accounting for certain revenues.

*/s/ Ernst & Young LLP*

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*Tampa, Florida*

*February 15, 2001, except for Note 1,  
as to which the date is July 26, 2001*

**SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

(In thousands, except per share data)	December 31,	
	2001	2000
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents .....	\$ 50,002	\$ 30,141
Receivables .....	93,522	135,609
Prepaid expenses and other current assets .....	11,750	17,679
	-----	
Total current assets .....	155,274	183,429
Property and equipment, net .....	140,551	151,842
Intangible assets, net .....	4,816	8,861
Deferred charges and other assets .....	9,139	13,822
	-----	
	\$ 309,780	\$ 357,954
	=====	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Current installments of long-term debt .....	\$ 94	\$ 100
Accounts payable .....	15,678	34,636
Accrued employee compensation and benefits .....	29,100	32,746
Other accrued expenses and current liabilities .....	13,855	22,983
	-----	
Total current liabilities .....	58,727	90,465
Long-term debt .....	--	8,759
Deferred grants .....	39,543	31,758
Deferred revenue .....	20,298	31,072
Other long-term liabilities .....	--	8
	-----	
Total liabilities .....	118,568	162,062
	-----	
Commitments and contingencies (Note 15)		
Shareholders' equity:		
Preferred stock, \$0.01 par value, 10,000 shares authorized; no shares issued and outstanding .....	--	--
Common stock, \$0.01 par value; 200,000 shares authorized; 43,300 and 43,084 issued .....	433	431
Additional paid-in capital .....	160,907	159,696
Retained earnings .....	90,839	90,430
Accumulated other comprehensive loss .....	(20,212)	(14,082)
	-----	
Treasury stock at cost; 3,000 shares and 2,981 shares .....	(40,755)	(40,583)
	-----	
Total shareholders' equity .....	191,212	195,892
	-----	
	\$ 309,780	\$ 357,954
	=====	

See accompanying notes to consolidated financial statements.

**SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(In thousands, except per share data)	Years Ended December 31,		
	2001	2000	1999
Revenues .....	\$ 496,722	\$ 603,606	\$ 572,742
Operating expenses:			
Direct salaries and related costs .....	315,118	382,236	369,850
General and administrative .....	165,389	195,374	159,876
Compensation expense associated with exercise of options .....	--	7,836	--
Restructuring and other charges .....	14,600	30,468	--
Impairment of long-lived assets .....	1,480	--	5,979
Total operating expenses .....	496,587	615,914	535,705
Income (loss) from operations .....	135	(12,308)	37,037
Other income (expense):			
Interest, net .....	408	(2,942)	(3,669)
Gain on sale of equity interest in SHPS .....	--	84,036	--
Other .....	(357)	111	152
Total other income (expense) .....	51	81,205	(3,517)
Income before provision (benefit) for income taxes and cumulative effect of change in accounting principle .....	186	68,897	33,520
Provision (benefit) for income taxes:			
Current .....	(4,873)	24,794	20,387
Deferred .....	4,650	(3,603)	(7,401)
Total provision (benefit) for income taxes .....	(223)	21,191	12,986
Income before cumulative effect of change in accounting principle .....	409	47,706	20,534
Cumulative effect of change in accounting principle, net of income taxes of \$580 .....	--	(919)	--
Net income .....	\$ 409	\$ 46,787	\$ 20,534
Net income per basic share:			
Income before cumulative effect of change in accounting principle .....	\$ 0.01	\$ 1.15	\$ 0.49
Cumulative effect of change in accounting principle .....	--	(0.02)	--
Net income per basic share .....	\$ 0.01	\$ 1.13	\$ 0.49
Total weighted average basic shares .....	40,183	41,518	42,045
Net income per diluted share:			
Income before cumulative effect of change in accounting principle .....	\$ 0.01	\$ 1.15	\$ 0.48
Cumulative effect of change in accounting principle .....	--	(0.02)	--
Net income per diluted share .....	\$ 0.01	\$ 1.13	\$ 0.48
Total weighted average diluted shares .....	40,468	41,645	42,995
Pro forma amounts assuming accounting change is applied retroactively:			
Net income .....		\$ 47,706	\$ 19,615
Net income per basic share .....		\$ 1.15	\$ 0.47
Net income per diluted share .....		\$ 1.15	\$ 0.46

See accompanying notes to consolidated financial statements.

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

(In thousands)	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
	Shares	Amount					
Balance at January 1, 1999 .....	41,452	\$414	\$136,200	\$23,109	\$ (1,407)	\$ --	\$ 158,316
Issuance of common stock .....	1,282	13	11,371	--	--	--	11,384
Tax benefit of exercise of non-qualified stock options ....	--	--	7,452	--	--	--	7,452
Comprehensive income:							
Net income .....	--	--	--	20,534	--	--	20,534
Foreign currency translation adjustment .....	--	--	--	--	(4,453)	--	(4,453)
Total .....							16,081
Balance at December 31, 1999 .....	42,734	427	155,023	43,643	(5,860)	--	193,233
Issuance of common stock .....	350	4	3,208	--	--	--	3,212
Tax benefit of exercise of non-qualified stock options ....	--	--	1,465	--	--	--	1,465
Purchase of treasury stock .....	--	--	--	--	--	(40,583)	(40,583)
Comprehensive income:							
Net income .....	--	--	--	46,787	--	--	46,787
Foreign currency translation adjustment .....	--	--	--	--	(8,222)	--	(8,222)
Total .....							38,565
Balance at December 31, 2000 .....	43,084	431	159,696	90,430	(14,082)	(40,583)	195,892
Issuance of common stock .....	216	2	973	--	--	--	975
Tax benefit of exercise of non-qualified stock options ....	--	--	238	--	--	--	238
Purchase of treasury stock .....	--	--	--	--	--	(172)	(172)
Comprehensive loss:							
Net income .....	--	--	--	409	--	--	409
Foreign currency translation adjustment .....	--	--	--	--	(6,130)	--	(6,130)
Total .....							(5,721)
Balance at December 31, 2001 .....	43,300	\$433	\$160,907	\$90,839	\$ (20,212)	\$ (40,755)	\$ 191,212

See accompanying notes to consolidated financial statements.

**SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In thousands)	Years Ended December 31,		
	2001	2000	1999
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income .....	\$ 409	\$ 46,787	\$ 20,534
Depreciation and amortization .....	34,937	36,829	37,570
Impairment of long-lived assets .....	1,480	--	5,979
Cumulative effect of accounting change, net of tax .....	--	919	--
Gain on sale of equity interest in SHPS .....	--	(84,036)	--
Restructuring and other charges .....	14,600	30,468	--
Deferred income tax provision (benefit) .....	4,650	(3,603)	(7,401)
Tax benefit from stock options .....	238	1,465	7,452
Loss on disposal of property and equipment .....	495	--	15
Changes in assets and liabilities:			
Receivables .....	46,708	(30,515)	(16,762)
Prepaid expenses and other current assets .....	1,759	3,761	1,599
Intangible assets .....	--	926	(1,113)
Deferred charges and other assets .....	5,520	3,154	(1,638)
Accounts payable .....	(18,155)	(12,320)	5,246
Income taxes payable .....	(14,328)	6,015	(9,618)
Accrued employee compensation and benefits .....	(2,728)	9,384	4,508
Customer deposits, net of restricted cash .....	--	10,921	(3,176)
Other accrued expenses and current liabilities .....	(7,777)	1,250	(36)
Deferred revenue .....	(6,750)	3,314	9,386
Other long-term liabilities .....	(358)	(1,392)	(1,268)
Net cash provided by operating activities .....	60,700	23,327	51,277
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditures .....	(39,058)	(72,334)	(66,657)
Acquisition of businesses (less cash purchased) .....	--	--	(8,346)
Proceeds from sale of equity interest in SHPS (less cash sold) .....	--	159,776	--
Proceeds from sale of property and equipment .....	682	--	191
Net cash (used for) provided by investing activities .....	(38,376)	87,442	(74,812)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Paydowns under revolving line of credit agreements .....	(13,363)	(198,301)	(84,540)
Borrowings under revolving line of credit agreements .....	13,336	124,607	88,398
Payments of long-term debt .....	(8,430)	(1,103)	--
Borrowings under long-term debt .....	106	367	--
Proceeds from issuance of stock .....	975	3,212	11,084
Proceeds from grants .....	9,156	8,394	7,698
Purchase of treasury stock .....	(172)	(40,583)	--
Net cash (used for) provided by financing activities .....	1,608	(103,407)	22,640
EFFECTS OF EXCHANGE RATES ON CASH .....	(4,071)	(8,222)	(4,453)
Net increase (decrease) in cash and cash equivalents .....	19,861	(860)	(5,348)
CASH AND CASH EQUIVALENTS BEGINNING .....	30,141	31,001	36,349
CASH AND CASH EQUIVALENTS ENDING .....	\$ 50,002	\$ 30,141	\$ 31,001
<b>Supplemental disclosures of cash flow information</b>			
Cash paid during the year for:			
Interest .....	\$ 337	\$ 4,254	\$ 6,809
Income taxes .....	\$ 9,558	\$ 17,130	\$ 22,426

See accompanying notes to consolidated financial statements.

## **SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Sykes Enterprises, Incorporated and consolidated subsidiaries (the "Company" or "Sykes") provides outsourced customer management solutions and services. Sykes' Business Solutions group provides consultative professional services and technical staffing in customer relationship management (CRM) with a focus on business strategy, project management, business process redesign, change management, knowledge management, education, training and web development. Sykes' Business Services group provides customer support outsourcing services with an emphasis on technical support and customer service. These services are delivered through multiple communication channels encompassing phone, e-mail, web and chat. The Company's services are provided to customers on a worldwide basis primarily within the technology/consumer, communications and financial services markets.

#### **NOTE 1. SUMMARY OF ACCOUNTING POLICIES**

**Principles of Consolidation--**The consolidated financial statements include the accounts of Sykes and its wholly-owned subsidiaries and controlled majority-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 accounting principles generally accepted in the United States requires the Company 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.

**Recognition of Revenue--**The Company primarily recognizes its revenue from services as those services are performed under a fully executed contractual agreement. 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 to the customer and satisfaction of all obligations.

The Company 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"), and Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB 101"). 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. 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.

**Accounting Change for Revenue Recognition--**During the fourth quarter of 2000, the Company adopted SAB 101, which provides guidance on the recognition, presentation and disclosure of revenue in financial statements filed with the Securities and Exchange Commission ("SEC"). Based on criteria established by SAB 101, adopted retroactive to January 1, 2000, the Company modified its accounting treatment for the recognition of revenue as it related to contract services. As a result of the adoption of SAB 101, revenues in certain limited situations, that were recognized as services were performed and as the related fees became collectible under agreements between the Company and its customers were deferred until either a final contract or purchase order was fully executed.

The cumulative effect of the change on prior years resulted in a charge to income of \$0.9 million (net of income taxes of \$0.6 million) or \$0.02 per diluted share, which was deducted in the determination of income during the three month period ended March 31, 2000. The effect of this change for the year ended December 31, 2000 was to increase income before cumulative effect of the change in accounting principle by \$0.9 million or \$0.02 per diluted share. The pro forma amounts presented in the statements of operations were presented as if the change in accounting principle had been made retroactively to prior periods.

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 \$27.5 million and \$9.8 million was held in taxable interest bearing investments, which are classified as available for sale and have an average maturity of approximately 30 days, at December 31, 2001 and 2000, respectively.

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 \$36.0 million, \$35.4 million and \$32.8 million, for the years ended December 31, 2001, 2000 and 1999, respectively. Property and equipment includes approximately \$0.5 million and \$0.04 million of additions included in accounts payable at December 31, 2001 and 2000, respectively. Accordingly, these non-cash transactions have been excluded from the accompanying consolidated statements of cash flows for the years ended December 31, 2001 and 2000, respectively.

During 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 \$0.5 million and \$1.6 million at December 31, 2001 and 2000, respectively.

Land received from various local and state governmental agencies under grants is recorded at fair value at date of grant. During the years ended December 31, 2001, 2000 and 1999, the Company recorded approximately \$1.0 million, \$1.3 million and \$1.1 million, 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, 2001, 2000 and 1999.

Investment in SHPS--The Company has a 6.5% remaining ownership interest in SHPS, Incorporated ("SHPS") that is accounted for at cost. At December 31, 2001 and 2000, the carrying value of this investment of \$2.1 million, which approximates the Company's pro rata share of the underlying value, is included in "Deferred charges and other assets" in the accompanying Consolidated Balance Sheets. (See Note 7.)

Intangible Assets--Intangible assets primarily consist of the excess of costs over fair market value of the net assets of the acquired businesses of \$4.8 million and \$8.7 million at December 31, 2001 and 2000, respectively, net of accumulated amortization of \$3.2 million and \$5.5 million, respectively. Also included in intangible assets at December 31, 2000, are existing technologies and covenants not to compete arising from business acquisitions of \$0.2 million, net of accumulated amortization of \$0.7 million. 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 \$1.2 million, \$4.0 million and \$6.0 million for the years ended December 31, 2001, 2000 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 2001 and 1999, the Company recorded an impairment loss of approximately \$1.5 million and \$6.0 million, respectively, 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.

Self-Insurance Programs--The Company self-insures for certain levels of workers' compensation and employee health insurance. Estimated costs of these self-insurance programs are accrued at the projected settlements for known and anticipated claims. Self-insurance liabilities of the Company amounted to \$2.3 million and \$3.5 million at December 31, 2001 and 2000, respectively.

Deferred Grants--Recognition of income associated with grants of land and the acquisition of property, buildings and equipment is deferred until after the completion and occupancy of the building and title has passed to the Company and the funds have been released from escrow. The deferred amounts for both land and building are amortized and recognized as a reduction of depreciation expense included within general and administrative costs over the corresponding useful lives of the related assets. Amounts received in excess of the cost of the building are allocated to the cost of equipment and, only after the grants are released from escrow, recognized as a reduction of depreciation expense over the weighted average useful life of the related equipment, which approximates five years. Amortization of the deferred grants that is included in income was approximately \$2.3 million, \$2.6 million and \$1.2 million for the years ended December 31, 2001, 2000 and 1999, respectively.

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 three years.

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:

- 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.

- 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.

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--Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," is effective for all fiscal years beginning after June 15, 2000. SFAS No. 133, as amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. Under SFAS No. 133, certain contracts that were not formerly considered derivatives may now meet the definition of a derivative. The Company adopted SFAS No. 133 effective January 1, 2001, and the adoption of SFAS No. 133 had no impact on the financial position, results of operations, or cash flows of the Company.

In July 2001, the FASB issued SFAS No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. It also specifies the types of acquired intangible assets that are required to be recognized and reported separate from goodwill. SFAS No. 142 requires that goodwill and certain intangibles with indefinite lives no longer be amortized, but instead tested for impairment at least annually. Upon adoption of SFAS 142 effective January 1, 2002, there was no impairment of goodwill and the application of the non-amortization provisions of SFAS No. 142 for goodwill is expected to result in an increase in income from operations of \$0.7 million in 2002.

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations," which addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The standard applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, and development and (or) normal use of the asset. The Company is required and plans to adopt the provisions of SFAS No. 143 for the quarter ending March 31, 2003. Because of the effort necessary to comply with the adoption of SFAS No. 143, it is not practicable for management to estimate the impact of adopting this Statement at the date of this report.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 addresses the accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" and APB Opinion No. 30, "Reporting the Results of Operations--Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." The objective of SFAS No. 144 is to establish one accounting model for long-lived assets to be disposed of by sale as well as resolve implementation issues related to SFAS No. 121. The Company adopted SFAS No. 144 effective January 1, 2002, and the adoption of this statement had no impact on the financial position, results of operations, or cash flows of the Company.

Reclassifications--Certain amounts from prior years have been reclassified to conform to the current year's presentation.

## NOTE 2. ACQUISITIONS AND DISPOSITIONS

On August 20, 1999, the Company acquired all of the common stock of CompuHelpline, Inc., (d/b/a PC Answer) for approximately \$340 thousand consisting of \$40 thousand of cash and approximately 12 thousand 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. During the first quarter of 2001, the Company determined the remaining investment in CompuHelpline, Inc. of \$0.2 million was not recoverable, so the balance was written off and charged to income.

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.

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. During the fourth quarter of 2001, the Company wrote-off property, equipment and intangible assets of AnswerExpress Support Suite totalling \$1.9 million, which is included in the restructuring charge for 2001 as discussed in Note 13.

On June 30, 2000, the Company sold 93.5% of its ownership interest in SHPS for approximately \$165.5 million cash. The cash proceeds reflected in the Statement of Cash Flows for 2000 is net of approximately \$0.7 million used to retire other debt and approximately \$5.0 million of cash recorded on SHPS' balance sheet as of the date of the sale. The sale of SHPS resulted in a gain for financial reporting purposes of approximately \$84.0 million (\$59.9 million net of taxes). The Consolidated Statement of Income for 2000 includes the results of SHPS through June 30, 2000, its disposition date. SHPS generated revenue and income from operations during 2000 of \$35.7 million and \$1.7 million, respectively, for the year ended December 31, 2000 compared to \$73.0 million and \$5.9 million for the year ended 1999, exclusive of compensation expense associated with the exercise of options.

## NOTE 3. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of trade receivables. The Company's credit concentrations are limited due to the wide variety of customers and markets in which the Company's services are sold, with the exception of one major customer as discussed in Note 18.

## NOTE 4. RECEIVABLES

Receivables consist of the following (in thousands):

	December 31, 2001	2000
-----		
Trade accounts receivable .....	\$85,233	\$136,363
Income taxes receivable .....	9,634	--
Note from officer .....	--	412
Other .....	2,838	6,094
	-----	-----
	97,705	142,869
Less allowance for doubtful accounts .....	4,183	7,260
	-----	-----
	\$93,522	\$135,609
	=====	=====

## NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following (in thousands):

	December 31,	
	2001	2000
-----	-----	-----
Land .....	\$ 7,296	\$ 6,365
Buildings and leasehold improvements .....	60,435	54,132
Equipment, furniture and fixtures .....	188,378	178,630
Capitalized software development costs .....	2,191	2,896
Transportation equipment .....	171	135
Construction in progress .....	4,796	12,188
	-----	-----
	263,267	254,346
Less accumulated depreciation .....	122,716	102,504
	-----	-----
	\$140,551	\$151,842
	=====	=====

## 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. During 1998, the Company wrote down its investment in SystemSoft Corp., which was classified as available-for-sale securities in accordance with Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities," by approximately \$7.3 million due to a significant reduction in its market value, which was determined to be other than temporary. The remaining investment was written off in 2000.

## NOTE 7. DEFERRED CHARGES AND OTHER ASSETS

Deferred charges and other assets consist of the following (in thousands):

	December 31,	
	2001	2000
-----	-----	-----
Convertible preferred stock .....	\$ --	\$ 5,500
Non-current deferred tax asset, net .....	5,424	4,911
Investment in SHPS, Incorporated, at cost .....	2,089	2,089
Other .....	1,626	1,322
	-----	-----
	\$9,139	\$13,822
	=====	=====

During 2001, the Company returned the convertible preferred stock to its issuer to settle a lawsuit. (See Note 15.)

## NOTE 8. ACCRUED EMPLOYEE COMPENSATION AND BENEFITS

Accrued employee compensation and benefits consist of the following (in thousands):

	December 31,	
	2001	2000
-----	-----	-----
Accrued compensation .....	\$15,252	\$22,650
Accrued employment taxes .....	4,991	2,762
Accrued vacation .....	5,939	4,012
Other .....	2,918	3,322
	-----	-----
	\$29,100	\$32,746
	=====	=====

## NOTE 9. OTHER ACCRUED EXPENSES AND CURRENT LIABILITIES

Other accrued expenses and current liabilities consist of the following (in thousands):

	December 31,	
	2001	2000
-----	-----	-----
Income taxes payable .....	\$ --	\$ 5,502
Deferred revenue, current .....	3,214	2,655
Accrued roadside assistance claim costs .....	911	1,289
	-----	-----

Accrued telephone charges .....	646	2,093
Accrued legal and professional fees .....	1,168	1,490
Accrued interest .....	89	56
Other .....	7,827	9,898
	-----	-----
	\$13,855	\$22,983
	=====	=====

**NOTE 10. LONG-TERM DEBT**

Long-term debt consists of the following (in thousands):

	December 31,	
	2001	2000
-----		
Syndicated multi-currency credit facility, \$15.0 million maximum, expiring February 2002, interest payable in accordance with the terms of the individual promissory notes outstanding; the facility is guaranteed by a pledge of common stock of Certain subsidiaries .....	\$ --	\$8,759
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 equipment .....	94	100
	-----	-----
Total debt .....	94	8,859
Less current portion .....	94	100
	-----	-----
Long-term debt .....	\$ --	\$8,759
	=====	=====

Principal maturities of total debt as of December 31, 2001 are as follows (in thousands):

Year	Total Amount
2002 .....	\$ 94
2003 .....	--
	----
	\$ 94
	====

On December 21, 2001, the Company amended and restated its existing credit facilities with a syndicate of lenders (the "Amended Credit Facilities"). Pursuant to the terms of the Amended Credit Facilities, the amount of the Company's revolving credit facility is \$100.0 million. The \$100.0 million revolving credit facility includes a \$10.0 million swingline loan to be used for working capital purposes. In addition, the Company has a \$15.0 million multi-currency credit facility that provides for multi-currency lending. Borrowings under the revolving credit facility bear interest, at the Company's option, at (a) the lender's base rate plus an applicable margin of up to 0.50% or (b) a Euro rate plus an applicable margin of up to 2.25%. Borrowings under the \$10.0 million swingline loan bear interest, at the Company's option, at (a) the lender's base rate plus an applicable margin of up to 0.50% or (b) a Quoted Rate for swingline loans. Borrowings under the \$15.0 million multi-currency facility bear interest, at the Company's option, at (a) the lender's base rate plus an applicable margin of up to 0.50% or (b) a quoted Euro rate for swingline loans. The Company paid aggregate financing fees of approximately \$0.3 million, which have been deferred and are being amortized over the terms of the Amended Credit Facilities. In addition, a commitment fee up to 0.40% will be charged on the unused portion of the Amended Credit Facilities on a quarterly basis. The revolving credit facility expires on February 28, 2003, and the multi-currency facility expired on February 28, 2002. Borrowings under the Amended Credit Facilities are guaranteed by all of the Company's material subsidiaries as evidenced by a pledge of between 65% and 100% of the respective subsidiary's common stock. Under the terms of the Amended Credit Facilities, the Company is required to maintain certain financial ratios and other financial and non-financial conditions. The Amended Credit Facilities prohibit, without the consent of the syndicated lenders, the Company from incurring additional indebtedness, limits certain investments, advances or loans and restricts substantial asset sales, capital expenditures, stock repurchases and cash dividends.

#### NOTE 11. ACCUMULATED OTHER COMPREHENSIVE LOSS

The Company presents data in the Consolidated Statements of Changes in Shareholders' Equity in accordance with SFAS No. 130, "Reporting Comprehensive Income." SFAS No. 130 establishes rules for the reporting of comprehensive income (loss) and its components. The components of other accumulated comprehensive loss include foreign currency translation adjustments as follows (in thousands):

	Accumulated Other Comprehensive Loss
Balance at January 1, 1999 .....	\$ (1,407)
Foreign currency translation adjustment .....	(4,453)
	-----
Balance at December 31, 1999 .....	(5,860)
Foreign currency translation adjustment .....	(8,222)
	-----
Balance at December 31, 2000 .....	(14,082)
Foreign currency translation adjustment .....	(6,130)
	-----
Balance at December 31, 2001 .....	\$(20,212)
	=====

Earnings associated with the Company's investments 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 (loss) before provision (benefit) for income taxes are as follows (in thousands):

	Years Ended December 31,		
	2001	2000	1999
Domestic .....	\$(21,553)	\$43,797	\$14,816
Foreign .....	21,739	25,100	18,704
	-----		
Total income before income taxes .....	\$ 186	\$68,897	\$33,520
	=====		

Provision (benefit) for income taxes consists of the following (in thousands):

	Years Ended December 31,		
	2001	2000	1999
-----			
Current:			
Federal .....	\$ (5,775)	\$14,507	\$ 6,856
State .....	(960)	2,412	1,225
Foreign .....	1,862	7,875	12,306
-----			
Total current provision (benefit) for income taxes .....	(4,873)	24,794	20,387
-----			
Deferred:			
Federal .....	(678)	(4,306)	(1,088)
State .....	395	(716)	(420)
Foreign .....	4,933	1,419	(5,893)
-----			
Total deferred provision (benefit) for income taxes .....	4,650	(3,603)	(7,401)
-----			
Total provision (benefit) for income taxes .....	\$ (223)	\$21,191	\$12,986
=====			

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

	December 31,	
	2001	2000
-----		
DOMESTIC CURRENT:		
Deferred tax asset:		
Accrued expenses .....	\$ 3,891	\$ 10,225
Bad debt reserve .....	848	1,543
Valuation allowance .....	--	(1,819)
Other .....	13	11
-----		
Total current deferred tax asset .....	4,752	9,960
-----		
Deferred tax liability:		
Prepaid expenses .....	(1,120)	(240)
Other .....	--	(925)
-----		
Total current deferred tax liability .....	(1,120)	(1,165)
-----		
Net domestic current deferred tax asset ....	3,632	8,795
-----		
FOREIGN CURRENT:		
Deferred tax asset:		
Net operating loss carryforward .....	--	1,815
Valuation allowance .....	--	(1,815)
-----		
Total foreign current deferred tax asset ...	--	--
-----		
Net current deferred tax asset, included in prepaid expenses and other current assets ....	\$ 3,632	\$ 8,795
=====		

	December 31,	
	2001	2000
-----		
DOMESTIC NON-CURRENT:		
Deferred tax asset:		
Unrealized loss on security .....	\$ --	\$ 1,736
Intangible assets .....	689	920
Deferred revenue .....	3,228	864
Foreign tax credit carryforward .....	3,052	--
Net operating loss carryforward .....	3,912	83
Valuation allowance .....	(3,912)	(348)
Other .....	--	265
-----		
Total non-current deferred tax asset .....	6,969	3,520
-----		
Deferred tax liability:		
Property and equipment .....	(1,214)	(2,477)
Other .....	--	(734)
-----		
Total non-current deferred tax		

liability .....	(1,214)	(3,211)
Net domestic non-current deferred tax asset .....	5,755	309
FOREIGN NON-CURRENT:		
Deferred tax asset:		
Intangible assets .....	7,591	1,312
Net operating loss carryforward .....	3,799	--
Deferred revenue .....	3,253	5,628
Valuation allowance .....	(11,390)	--
Total non-current deferred tax asset .....	3,253	6,940
Deferred tax liability:		
Property and equipment .....	(1,141)	(1,342)
Deferred commissions .....	(1,348)	--
Untaxed reserve .....	(1,095)	(996)
Total non-current deferred tax liability .....	(3,584)	(2,338)
Net foreign non-current deferred tax asset (liability) .....	(331)	4,602
Net non-current deferred tax asset, included in deferred charges and other assets .....	\$ 5,424	\$ 4,911

The Company has established a valuation allowance against those deferred tax assets for which it cannot be established that it is more likely than not that the Company will realize the benefit of those assets.

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 \$70.0 million at December 31, 2001, excluding amounts, which, if remitted, generally would result in minimal additional U.S. income taxes because of available foreign tax credits. It is not practical to estimate the amount of unrecognized deferred U.S. income taxes on these undistributed earnings.

At December 31, 2001, the Company had federal net operating loss carryforwards of \$10.1 million that can only be offset against the future earnings of an acquired subsidiary and expire through the year 2021. The Company also has foreign tax credit carryforwards of \$3.1 million that expire through the year 2006. In addition, the Company has net operating loss carryforwards of \$7.3 million, \$0.6 million, \$0.9 million and \$0.8 million for France, the Netherlands, Turkey and Italy, respectively. The net operating loss carryforwards for France and Turkey expire through the year 2007 and 2006, respectively. The net operating loss carryforwards for the Netherlands and Italy have unlimited carryforward periods.

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 (in thousands):

	Years Ended December 31,		
	2001	2000	1999
Statutory tax .....	\$ 65	\$24,113	\$11,732
State income taxes, net of federal tax benefit .....	(448)	877	521
Effect of foreign income not subject to federal and state income tax .....	(2,708)	(3,017)	9
Effect of foreign income subject to federal and state income tax net of foreign tax credits .....	340	--	--
Effect of basis step up in foreign assets .....	(5,043)	--	--
Effect of loss on disposition of domestic investment .....	(3,307)	--	--
Effect of disposition of foreign subsidiary .....	(917)	--	--
Valuation on unrealized loss on marketable security .....	--	(2,546)	--
Valuation on foreign and domestic net operating loss carryforwards and foreign asset basis step up .....	10,598	3,412	430
Non-deductible amortization .....	262	410	514
Foreign taxes, net of foreign income not taxed in the United States .....	774	5,647	(1,468)
Tax basis difference on sale of equity interest in SHPS, Incorporated .....	--	(7,280)	--
Permanent differences .....	161	296	440
Other .....	--	(721)	808
Total provision (benefit) for income taxes .....	\$ (223)	\$21,191	\$12,986

## NOTE 13. RESTRUCTURING AND OTHER CHARGES

### 2001 CHARGES

In December 2001, in response to the economic slowdown and increasing demand for the Company's offshore capabilities, the Company approved a cost reduction plan designed to improve efficiencies in its core businesses. As a result of the Company's cost reduction plan, the Company recorded \$16.1 million in restructuring, other and impairment charges during the fourth quarter of 2001. This included \$14.6 million in charges related to the closure and consolidation of two U.S. Business Services customer support centers, two U.S. Business Solutions offices, one European fulfillment center, the elimination of redundant property leasehold improvements and equipment, lease termination costs associated with vacated properties and equipment, and severance and related costs. In addition, the Company plans to reduce the number of employees by 230 by the end of March 2002. The restructuring charge also includes \$1.4 million for future lease obligations related to the closed facilities. The Company also recorded a \$1.5 million impairment charge related to the write-off of certain nonperforming assets, including software and equipment no longer used by the Company.

The following table summarizes the 2001 restructuring and other charges and related activity (in thousands):

	Balance at December 31, 2000	2001 Charges	Cash Outlays	Other Non- Cash Changes	Balance At December 31, 2001(1)
Severance and related costs .....	\$ --	\$ 1,456	\$ (33)	\$ --	\$1,423
Lease termination costs .....	--	1,426	(71)	--	1,355
Write-down of property, equipment, and capitalized costs .....	--	8,826	--	(5,606)	3,220
Write-down of intangible assets .....	--	2,600	--	(2,600)	--
Other restructuring costs .....	--	292	--	--	292
Impairment of software and equipment .....	--	14,600	(104)	(8,206)	6,290
	--	1,480	--	(1,480)	--
Total .....	\$ --	\$16,080	\$(104)	\$(9,686)	\$6,290

(1) Included in "Accounts Payable" in the accompanying Consolidated Balance Sheet.

## 2000 CHARGES

The Company recorded restructuring and other charges during the second and fourth quarters of 2000 approximating \$30.5 million. The second quarter restructuring and other charges approximating \$9.6 million resulted from the Company's consolidation of several European and one U.S. fulfillment center and the closing or consolidation of six professional services offices. Included in the second quarter 2000 restructuring and other charges was a \$3.5 million lease termination payment related to the corporate aircraft. As a result of the second quarter 2000 restructuring, the Company reduced the number of employees by 157 during 2000 and satisfied the remaining lease obligations related to the closed facilities during 2001.

The Company also announced, after a comprehensive review of operations, its decision to exit certain non-core, lower margin businesses to reduce costs, improve operating efficiencies and focus on its core competencies of technical support, customer service and consulting solutions. As a result, the Company recorded \$20.9 million in restructuring and other charges during the fourth quarter of 2000 related to the closure of its U.S. fulfillment operations, the consolidation of its Tampa, Florida technical support center and the exit of its worldwide localization operations. Included in the fourth quarter 2000 restructuring and other charges is a \$2.4 million severance payment related to the employment contract of the Company's former President. In connection with the fourth quarter 2000 restructuring, the Company reduced the number of employees by 245 during the first half of 2001 and satisfied a significant portion of the remaining lease obligations related to the closed facilities during 2001.

The following table summarizes the 2000 accrual for restructuring and other charges and related activity in 2001 and 2000, respectively (in thousands):

	Balance at January 1, 2001	2001 Charges	Cash Outlays	Other Non-Cash Changes	Balance at December 31, 2001(1)
Severance and related costs.....	\$3,062	\$ --	\$(1,288)	\$ (289)	\$1,485
Lease termination costs.....	1,288	--	(1,145)	--	143
Write-down of property and equipment.....	--	--	--	--	--
Write-down of intangible assets.....	--	--	--	--	--
Other restructuring costs.....	718	--	(718)	--	--
<b>Total.....</b>	<b>\$5,068</b>	<b>\$ --</b>	<b>\$(3,151)</b>	<b>\$ (289)</b>	<b>\$1,628</b>

	Balance at January 1, 2000	2000 Charges	Cash Outlays	Other Non-Cash Changes	Balance at December 31, 2000(1)
Severance and related costs.....	\$ --	\$ 3,974	\$(912)	\$ --	\$3,062
Lease termination costs.....	--	5,404	(4,116)	--	1,288
Write-down of property and equipment.....	--	14,191	--	(14,191)	--
Write-down of intangible assets.....	--	6,086	--	(6,086)	--
Other restructuring costs.....	--	813	(95)	--	718
<b>Total.....</b>	<b>\$ --</b>	<b>\$30,468</b>	<b>\$(5,123)</b>	<b>\$(20,277)</b>	<b>\$5,068</b>

(1) Severance and related costs are included in "Accrued employee compensation and benefits" and lease termination costs are included in "Other accrued expenses and current liabilities" in the accompanying Consolidated Balance Sheets.

## NOTE 14. 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 number of shares used in the earnings per share computation are as follows (in thousands):

	Years Ended December 31,		
	2001	2000	1999
Basic:			
Weighted average common shares outstanding .....	40,183	41,518	42,045
Diluted:			
Dilutive effect of stock options .....	285	127	950
<b>Total weighted average diluted shares outstanding .....</b>	<b>40,468</b>	<b>41,645</b>	<b>42,995</b>

## NOTE 15. COMMITMENTS AND CONTINGENCIES

The Company leases certain equipment and buildings under operating leases having original 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, 2001, 2000 and 1999 was approximately \$12.1 million, \$17.4 million, and \$16.7 million, 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, 2001 (in thousands):

Year	Total Amount
2002.....	\$ 11,225
2003.....	7,752
2004.....	5,318
2005.....	3,377
2006.....	3,078
Thereafter.....	18,873
Total minimum payments required.....	\$ 49,623 =====

A lease agreement, relating to the Company's customer support center in Ireland, contains a cancellation clause which requires the Company, in the event of cancellation, to restore the facility to its original state at an estimated cost of \$0.3 million as of December 31, 2001 and pay a cancellation fee of \$0.4 million, which approximates the annual rental payments under the lease agreement. In addition, under certain circumstances (including cancellation of the lease and cessation of the support center's operations in the facility), the Company is contingently liable until June 16, 2005 to repay any proceeds received in association with the facility's grant agreement. As of December 31, 2001, the grant proceeds subject to repayment approximated \$1.2 million. As of December 31, 2001, the Company had no plans to cancel this lease agreement.

In 2001, the Company entered into an agreement with a third party vendor whereby the Company committed to purchase goods and services used in its normal operations during a two-year period. Future annual minimum purchases remaining under the agreement are \$2.4 million and \$2.3 million in 2002 and 2003, respectively. During 2001, the Company's total purchases under the agreement were \$2.3 million.

A consolidated class action lawsuit against the Company is pending in the United States District Court for the Middle District of Florida. The plaintiffs purport to assert claims on behalf of a class of purchasers of Sykes' common stock during the period from July 27, 1998 through September 18, 2000. The consolidated action claims 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 consolidated action alleges that during 2000, 1999, and 1998, the Company and certain of its officers made materially false statements concerning the Company's financial condition and its future prospects. The consolidated complaint also claims that certain of the Company's quarterly financial statements during 1999 and 1998 were not prepared in accordance with generally accepted accounting principles. The consolidated action seeks compensatory and other damages, and costs and expenses associated with the litigation. Although the Company denies the plaintiff's allegations and intends to defend the actions vigorously, it cannot predict the outcome or the impact this action may have on the Company. The outcome of this lawsuit or any future lawsuits, claims, or investigations relating to the same subject matter may have a material adverse impact on the Company's financial condition and results of operations.

During the third quarter of 2001, the Company successfully settled the lawsuit filed by Kyrus Corporation that asserted functionality issues associated with software that Kyrus had licensed from the Company in 1998. In settlement of the lawsuit, the Company returned 1.0 million shares of Kyrus convertible preferred stock valued at \$5.5 million, originally received in exchange for the license. Upon return of the stock, the Company received a \$5.0 million cash payment from its insurance carrier. The remaining \$0.5 million investment in the Kyrus preferred stock was written off against previously established reserves, and accordingly, there was no impact from this settlement on the results of operations.

The Company from time to time is involved in other 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 financial position or results of operations.

## NOTE 16. 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 \$1.0 million, \$0.9 million and \$0.8 million for the years ended December 31, 2001, 2000 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 and the second one was terminated with the Company's sale of SHPS, Incorporated. The combined contributions made to these plans were approximately \$0.2 million and \$0.1 million for the years ended December 31, 2000 and 1999, respectively (none in 2001).

## NOTE 17. STOCK OPTIONS

The Company maintains various stock option plans for its employees. Options to employees are granted at not less than fair market value on the date of the grant and generally vest over one to four years except for 0.36 million outstanding options converted pursuant to the 1997 acquisition of McQueen International Limited ("McQueen"), which were immediately exercisable. All options granted to employees under the Company's stock option plans expire if not exercised by the tenth anniversary of their grant date with the exception of the McQueen outstanding options, which expire five years from their grant date.

The Company also maintains a stock option plan that permits the granting of non-qualified stock options to members of the Board of Directors who are not employees of the Company. Each outside director receives options to purchase 7.5 thousand shares of common stock (effective January 1, 2002, 10.0 thousand shares of common stock) on the day following the Annual Shareholders' Meeting. Also, on the date on which a new outside director is first elected or appointed, he or she is granted options to purchase 7.5 thousand shares of common stock (effective January 1, 2002, 25.0 thousand shares of common stock). All options are granted at not less than fair market value on the date of grant and generally vest over one to four years. All options granted to non-employees expire if not exercised by the tenth anniversary of their grant date.

At December 31, 2001, there were 7.4 million shares of common stock reserved for issuance under all of the Company's stock option plans. For all plans, options of 1.6 million, 0.4 million, and 0.4 million were exercisable at December 31, 2001, 2000 and 1999 with a weighted average exercise price of \$14.70, \$22.54 and \$20.65, respectively. There were 6.6 million, 6.3 million and 3.9 million shares available for grant under the plans at December 31, 2001, 2000, and 1999, respectively.

The following table summarizes stock option activity for each of the three years ended December 31:

	Shares (In thousands)	Weighted Average Exercise Price
Outstanding at January 1, 1999 .....	2,290	\$ 20.36
Granted .....	1,050	\$ 24.46
Exercised .....	(685)	\$ 17.59
Expired or terminated .....	(725)	\$ 21.19
	-----	
Outstanding at December 31, 1999 .....	1,930	\$ 23.23
Granted .....	3,115	\$ 14.32
Exercised .....	(91)	\$ 20.81
Expired or terminated .....	(1,480)	\$ 21.00
	-----	
Outstanding at December 31, 2000 .....	3,474	\$ 16.25
Granted .....	496	\$ 7.67
Exercised .....	(116)	\$ 4.05
Expired or terminated .....	(1,114)	\$ 18.38
	-----	
Outstanding at December 31, 2001 .....	2,740	\$ 14.35
	=====	

The following table further summarizes significant ranges of outstanding and exercisable options at December 31, 2001:

Range Of Exercise Prices	Number Outstanding at Dec. 31, 2001 (In thousands)	Weighted Average Remaining Life	Weighted Average Exercise Price	Number Exercisable at Dec. 31, 2001 (In thousands)	Weighted Average Exercise Price
under \$4.00 .....	7	7.6	\$ 3.25	1	\$ 0.91
\$ 4.01 to \$ 6.00 .....	692	9.0	\$ 4.53	509	\$ 4.24
\$ 6.01 to \$ 9.00 .....	178	9.1	\$ 7.92	21	\$ 8.00
\$ 9.01 to \$13.00 .....	130	9.6	\$11.16	2	\$11.28
\$13.01 to \$19.00 .....	1,348	8.2	\$17.53	725	\$17.57
\$19.01 to \$28.00 .....	300	6.4	\$23.48	280	\$23.64
over \$28.00 .....	85	7.1	\$30.76	57	\$30.76
	-----			-----	
Total .....	2,740	8.3	\$14.35	1,595	\$14.70
	=====			=====	

Employee Stock Purchase Plan--The Company's 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 \$6.25 thousand in market value of Company common stock. The Company will typically have four three-month offering periods each year.

The weighted average fair value share price of the purchase rights granted under the ESPP during the year ended December 31, 2001 was \$6.34. For the years ended December 31, 2001 and 2000, 0.06 million and 0.09 million, respectively, of such shares were purchased and 0.84 million shares 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 (in thousands except per share amounts):

	2001	Years Ended December 31, 2000	1999
Net income as reported .....	\$ 409	\$ 46,787	\$ 20,534
Pro forma net income (loss) as prescribed by SFAS 123 .....	(2,633)	41,729	13,091
Net income per diluted share as reported .....	0.01	1.13	0.48
Pro forma net income (loss) per diluted share as prescribed by SFAS 123 .....	(0.07)	1.00	0.30

The pro forma amounts were determined using the Black-Scholes valuation model with the following key assumptions: (i) a discount rate of 6.0% for 2001, a discount rate of 6.2% for 2000, and a discount rate of 6.1% for 1999; (ii) a volatility factor of 85.1% 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 five years (three years for the ESPP) for 2001 and 2000 and an average expected option life of four years (two years for the ESPP) for 1999. In addition, the pro forma amount for 2001, 2000 and 1999 includes approximately \$0.2 million, \$0.2 million and \$0.1 million, respectively, related to purchase discounts offered under the ESPP.

## NOTE 18. SEGMENTS AND GEOGRAPHIC INFORMATION

The Company has two reportable segments comprised of regional operating segments aggregated into reportable segments entitled Business Services and Business Solutions. These segments are consistent with the Company's management of these businesses and generally reflect its financial reporting structure and operating focus. The Business Services group represents approximately 93% of the Company's consolidated revenues for 2001 and is comprised of the Company's customer support outsourcing with emphasis on technical support and customer service and fulfillment businesses. These services are delivered through multiple communication channels encompassing phone, e-mail, web, and chat. The Business Solutions group, which represents approximately 7% of the Company's consolidated revenues for 2001, provides consultative professional services and technical staffing in customer relationship management (CRM) with a focus on business strategy, project management, business process redesign, change management, knowledge management, education, training and web development.

Information about the Company's reportable segments for the years ended December 31, 2001, 2000 and 1999 is as follows (in thousands):

	Business Services	Business Solutions	Other(1)	Consolidated Total
-----				
For the Year Ended December 31, 2001:				
Revenues .....	\$460,142(2)	\$ 36,580	\$ --	\$496,722
Depreciation and amortization .....	34,491	446	--	34,937
Income (loss) from operations before restructuring and other charges and impairment of long-lived assets .....	\$ 18,769(2)	\$ (2,554)	\$ --	\$ 16,215
Restructuring and other charges .....			(14,600)	(14,600)
Impairment of long-lived assets .....			(1,480)	(1,480)
Other income .....			51	51
Benefit for income taxes .....			223	223
Net income .....				\$ 409
				=====
For the Year Ended December 31, 2000:				
Revenues .....	\$550,920(2)	\$ 52,686 (3)	\$ --	\$603,606
Depreciation and amortization .....	35,828	1,001	--	36,829
Income (loss) from operations before compensation expense associated with exercise of options and restructuring and other charges .....	\$ 26,522(2)	\$ (526)(3)	\$ --	\$ 25,996
Compensation expense associated with exercise of options .....			(7,836)	(7,836)
Restructuring and other charges .....			(30,468)	(30,468)
Other income .....			81,205	81,205
Provision for income taxes .....			(21,191)	(21,191)
Cumulative effect of change in accounting principle .....			(919)	(919)
Net income .....				\$ 46,787
				=====
For the Year Ended December 31, 1999:				
Revenues .....	\$521,967(2)	\$ 50,775 (3)	\$ --	\$572,742
Depreciation and amortization .....	36,841	729	--	37,570
Income (loss) from operations before impairment of long-lived assets .....	\$ 44,386(2)	\$ (1,370)(3)	\$ --	\$ 43,016
Impairment of long-lived assets .....			(5,979)	(5,979)
Other expense .....			(3,517)	(3,517)
Provision for income taxes .....			(12,986)	(12,986)
Net income .....				\$ 20,534
				=====

(1) Other items are shown for purposes of reconciling to the Company's consolidated totals as shown in the table above for the three years ended December 31, 2001. The accounting policies of the reportable segments are the same as those described in the summary of accounting policies. Inter-segment revenues are not material to the Business Services and Business Solutions segment results. Total assets are not disclosed since they are not identified and reported by segment to the Company's management.

(2) Business Services revenue includes \$0.7 million, \$59.7 million and \$119.4 million for the years ended December 31, 2001, 2000 and 1999, respectively, from SHPS, Incorporated, a previously wholly-owned subsidiary of the Company, which was sold in June 2000 and U.S. fulfillment, a business in which the Company exited in connection with the fourth quarter 2000 restructuring. The Company continues to operate its European fulfillment business. Additionally, income (loss) from operations includes income of \$0.1 million, a loss of \$1.4 million and income of \$5.2 million for the years ended December 2001, 2000 and 1999, respectively, from SHPS and U.S. fulfillment.

(3) Business Solutions revenue includes \$8.6 million and \$9.3 million for the years ended December 31, 2000 and 1999, respectively, from the Company's localization operations, a business in which the Company exited in connection with the fourth quarter 2000 restructuring. Additionally, income (loss) from operations includes a loss of \$0.8 million and \$2.3 million for the years ended December 31, 2000 and 1999, respectively, from localization.

Total revenues, primarily Business Services' revenues, includes \$58.5 million, or 11.8% of consolidated revenues, and \$35.6 million, or 6.3% of consolidated revenues, for the years ended December 31, 2001 and 2000, respectively, from a major provider of communications services (none in 1999).

Information about the Company's operations by geographic location is as follows (in thousands):

	Years Ended December 31,		
	2001	2000	1999
-----			
Revenues:			
United States .....	\$ 250,285	\$ 335,166	\$ 352,626
Canada .....	51,229	46,792	36,521
Costa Rica .....	11,131	8,310	2,194
	-----		
Total Americas .....	312,645	390,268	391,341
	-----		
Germany .....	68,856	70,024	43,355
United Kingdom (including the Philippines) .....	72,295	91,898	93,012
Other .....	42,926	51,416	45,034
	-----		
Total International .....	184,077	213,338	181,401
	-----		
Total .....	\$ 496,722	\$ 603,606	\$ 572,742
	=====		
Long-lived assets:			
United States .....	\$ 100,125	\$ 110,660	\$ 158,154
Canada .....	9,791	8,948	8,646
Costa Rica .....	3,361	1,665	1,642
	-----		
Total Americas .....	113,277	121,273	168,442
	-----		
Germany .....	7,572	7,533	3,283
United Kingdom (including the Philippines) .....	17,528	23,125	28,776
Other .....	6,990	8,772	11,086
	-----		
Total International .....	32,090	39,430	43,145
	-----		
Total .....	\$ 145,367	\$ 160,703	\$ 211,587
	=====		

## NOTE 19. RELATED PARTY TRANSACTIONS

During 2000, the Company terminated its ten-year operating lease agreement with the Company's Chairman (and majority shareholder) for its corporate aircraft and paid a lease termination fee of \$3.5 million. This lease termination payment is included in restructuring and other charges in the accompanying Consolidated Statement of Operations for the year ended December 31, 2000. Since the lease termination, the Company paid the Chairman (and majority shareholder) \$0.8 million and \$0.2 million for the use of the corporate aircraft in 2001 and 2000, respectively. The lease expense for each of the years ended December 31, 2000 and 1999, exclusive of lease termination payments, was \$0.3 million and \$0.6 million, respectively.

The Board of Directors determined that a note receivable of \$0.4 million due from the Company's Chairman (and majority shareholder) was a corporate expense to be forgiven and charged against income for the year ended December 31, 2001.

During the years ended December 31, 2001 and 2000, the Company also paid a company, in which the Chairman (and majority shareholder) has an 80% equity interest, \$0.5 million and \$0.2 million, respectively, for management and site development services. This arrangement was terminated in July 2001.

A member of the board of directors of the Company received broker commissions from the Company's 401(k) investment firm of \$0.03 million for each of the years ended December 31, 2001, 2000, and 1999, respectively, and insurance commissions for the placement of the Company's various corporate insurance programs of \$0.08 million for each of the years ended December 31, 2001, 2000 and 1999, respectively.

**SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS**  
**Years ended December 31, 2001, 2000 and 1999**

(In thousands)	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, 2001 .....	\$ 7,260	\$ 2,575	\$ --	\$ 5,652	\$ 4,183
Year ended December 31, 2000 .....	2,440	7,621	--	2,801	7,260
Year ended December 31, 1999 .....	796	2,202	--	558	2,440
Domestic current deferred tax asset valuation allowance:					
Year ended December 31, 2001 .....	\$ 1,819	\$ --	\$ (1,819)	\$ --	\$ --
Year ended December 31, 2000 .....	--	1,819	--	--	1,819
Year ended December 31, 1999 .....	--	--	--	--	--
Foreign current deferred tax asset valuation allowance:					
Year ended December 31, 2001 .....	\$ 1,815	\$ --	\$ (1,815)	\$ --	\$ --
Year ended December 31, 2000 .....	1,240	1,593	--	1,018	1,815
Year ended December 31, 1999 .....	--	626	704	90	1,240
Domestic non-current deferred tax asset valuation allowance:					
Year ended December 31, 2001 .....	\$ 348	\$ 3,564	\$ --	\$ --	\$ 3,912
Year ended December 31, 2000 .....	2,894	--	--	2,546	348
Year ended December 31, 1999 .....	3,000	--	--	106	2,894
Foreign non-current deferred tax valuation allowance:					
Year ended December 31, 2001 .....	\$ --	\$ 7,034	\$ 4,363	\$ 7	\$ 11,390
Year ended December 31, 2000 .....	--	--	--	--	--
Year ended December 31, 1999 .....	704	--	(704)	--	--

(1) Amounts have been reclassified for reporting purposes.

(2) Write-offs and recoveries.

**EXHIBIT 10.5**

**AMENDMENT NO. 2 TO AMENDED AND RESTATED CREDIT AGREEMENT**

THIS AMENDMENT NO. 2 TO AMENDED AND RESTATED CREDIT AGREEMENT (this "Agreement"), dated as of December 21, 2001, is by and among SYKES ENTERPRISES, INCORPORATED, a Florida corporation (the "Borrower"), certain Subsidiaries of the Borrower, as Guarantors (the "Guarantors"), the various lending institutions parties hereto and BANK OF AMERICA, N.A., a national banking association, as agent for the Lenders (in such capacity, the "Agent").

**WITNESSETH:**

WHEREAS, the Borrower, the Guarantors, the various lending institutions parties hereto and the Agent are parties to that certain Amended and Restated Credit Agreement dated as of May 2, 2000 (as amended by that certain Amendment No. 1 to Amended and Restated Credit Agreement dated as of June 22, 2001, the "Existing Credit Agreement"); and

WHEREAS, the Borrower, the Guarantors, the Required Lenders (as defined in the Existing Credit Agreement) and the Agent have agreed to amend the Existing Credit Agreement as set forth herein.

NOW, THEREFORE, in consideration of the agreements herein contained, the parties hereby agree as follows:

**I  
DEFINITIONS**

SECTION 1.1. Certain Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Agreement, including its preamble and recitals, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"Amended Credit Agreement" means the Existing Credit Agreement as amended hereby.

"Amendment No. 2 Effective Date" is defined in Section 5.1.

SECTION 1.2. Other Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Agreement, including its preamble and recitals, have the meanings provided in the Amended Credit Agreement.

**II**  
**AMENDMENTS TO EXISTING CREDIT AGREEMENT**

Effective as of the Amendment No. 2 Effective Date, the Existing Credit Agreement is hereby amended in accordance with Article II. Except as so amended, the Existing Credit Agreement, the Notes and the other Credit Documents shall continue in full force and effect.

**SECTION 2.1. Amendments to Section 1.**

(a) Section 1.1 of the Existing Credit Agreement is hereby amended by inserting, in the alphabetically appropriate place, the following definitions:

"Amendment No. 2" means Amendment No. 2 to Credit Agreement, dated as of December 21, 2001, among the Borrower, the Guarantors, the Required Lenders and the Agent, amending this Credit Agreement as then in effect.

"Amendment No. 2 Effective Date" means December 21, 2001 provided that Amendment No. 2 shall have become effective in accordance with its terms.

(b) Section 1.1 of the Existing Credit Agreement is hereby amended by amending in its entirety the definition for "Pledge Agreements" to read as follows:

"Pledge Agreements" means (a) that certain pledge agreement dated as of the Closing Date executed by the Borrower in favor of the Agent with respect to 66% of the Voting Stock owned by the Borrower in McQueen International Limited, a Scottish corporation, (b) that certain pledge agreement dated as of the Amendment No. 2 Effective Date executed by the Borrower in favor of the Agent with respect to 100% of the membership interests in Sykes Global Holdings, LLC, a Delaware limited liability company and Sykes LP Holdings, LLC, a Delaware limited liability company, held by the Borrower, and (c) any additional pledge agreements entered into in accordance with the provisions of Section 7.11, in each case as amended and modified, to secure on a pari passu basis the obligations owing under this Credit Agreement and the Indebtedness permitted by Section 8.1(g).

**SECTION 2.2. Amendment to Section 6.12.** The first sentence of Section 6.12 of the Existing Credit Agreement is hereby amended in its entirety to read as follows:

Set forth on Schedule 6.12 is a complete and accurate list as of the Amendment No. 2 Effective Date of all Subsidiaries of the Borrower and of the share ownership of the Borrower and each such Subsidiary.

**SECTION 2.3. Amendment to Section 7.11.** Section 7.11 of the Existing Credit Agreement is hereby amended by replacing each reference to "66%" therein with a reference to "65%".

SECTION 2.4. Addition of Section 8.10 is hereby added to the Existing Credit Agreement to read as follows:

**SECTION 8.10. SYKES INVESTMENTS C.V.**

Without the prior consent of the Required Lenders, permit Sykes LP Holdings, LLC or Sykes Global Holdings, LLC to transfer any of their respective partnership or other ownership interests in Sykes Investments C.V., a Dutch limited partnership.

SECTION 2.5. Amendment to Schedule 6.12. Schedule 6.12 to the Existing Credit Agreement is hereby deleted in its entirety and new Schedule 6.12 attached hereto is substituted therefor.

**III  
CONSENT AND WAIVER RELATING TO REORGANIZATION**

SECTION 3.1. Consent and Waiver. In connection with the pending reorganization of the Borrower's corporate organizational structure, the Required Lenders hereby (a) acknowledge their consent to the specific intercompany transactions outlined on Annex A hereto, to the extent such transactions are described on such Annex A, (b) waive any Default or Event of Default that may arise under Section 8 of the Amended Credit Agreement solely as a result of the consummation of the intercompany transactions outlined on Annex A hereto, to the extent such transactions are described on such Annex A, (c) acknowledge and agree that the intercompany payments and distributions made as a result of the reorganization as described on such Annex A, shall not be regarded as Restricted Payments for purposes of Section 8.7 of the Amended Credit Agreement, and (d) waive the requirement pursuant to Section 7.11 of the Existing Credit Agreement that the Borrower or any Subsidiary of the Borrower cause to be pledged the Voting Stock of Sykes Investments C.V. a Dutch limited partnership. The waivers set forth in this Section 3.1 are one-time waiver and shall not be construed to be (i) waivers as to future compliance with Sections 7 or 8 of the Amended Credit Agreement, (ii) waivers of any other Default or Event of Default that may exist or (iii) an amendment of or modification to the Existing Credit Agreement. The Agent and the Lenders hereby reserve all of their rights, powers and remedies under the Amended Credit Agreement, after giving effect to this Agreement, and applicable law.

**IV  
RELEASE OF PLEDGE RELATING TO SYKES CANADA**

SECTION 4.1. Release of Pledge Agreement and Related Collateral. The Required Lenders hereby authorize and instruct Bank of America, as collateral agent (in such capacity, the "Collateral Agent"), to release, effective as of the Amendment No. 2 Effective Date, (a) that certain Pledge Agreement dated as of May 2, 2000 given by the Borrower in favor of the Collateral Agent with respect to the Borrower's pledge of 66% of the capital stock of Sykes Canada Corporation (formerly Oracle Service Networks Corporation) and (b) the capital stock and related collateral pledged pursuant to such Pledge Agreement.

**V**  
**CONDITIONS TO EFFECTIVENESS**

SECTION 5.1. Amendment No. 2 Effective Date. This Agreement shall be and become effective as of the date hereof (the "Amendment No. 2 Effective Date") when all of the conditions set forth in this Section 5.1 shall have been satisfied, and thereafter, this Agreement No. 2 shall be known, and may be referred to, as "Amendment No. 2."

SECTION 5.1.1. Execution of Counterparts. The Agent shall have received (including by telecopy) counterparts of (a) this Agreement which shall have been duly executed on behalf of the Borrower, the Guarantors, the Agent and the Required Lenders, (b) a Guarantor Joinder Agreement dated as of the date hereof which shall have been duly executed by Sykes Global Holdings L.L.C. ("USLLC") and Sykes LP Holdings, LLC ("LPLLC") and (c) a Pledge Agreement dated as of the date hereof which shall have been duly executed by the Borrower in connection with the pledge of 100% of the membership interests USLLC and LPLLC.

SECTION 5.1.2. Legal Details, Etc. All documents executed or submitted pursuant hereto shall be reasonably satisfactory in form and substance to the Agent and its counsel prior to or by the time of closing. Prior to or by the time of closing, the Agent and its counsel shall have received all information, legal opinions and other documents, and such counterpart originals or such certified or other copies of such originals, as the Agent or its counsel may reasonably request, and all legal matters incident to the transactions contemplated by this Agreement shall be reasonably satisfactory to the Agent and its counsel.

SECTION 5.1.3. Payment of Amendment Fee. The Borrower shall have paid to the Agent a fee in connection with this Agreement in an amount equal to 0.075% multiplied by the aggregate Revolving Commitments of the Consenting Lenders (as defined below) such fee being for the account of each such Lender pro rata according to such Lender's Revolving Commitment; provided, however, that such fee shall be payable only to those Lenders (the "Consenting Lenders") that shall have returned (including via telecopy) executed signature pages to this Agreement on or before Wednesday, December 19, 2001, as directed by the Agent.

**VI**  
**MISCELLANEOUS**

SECTION 6.1. Representations and Warranties. The Borrower hereby represents and warrants to the Agent and the Lenders that, after giving effect to this Agreement, (a) no Default or Event of Default exists under the Amended Credit Agreement or any of the other Credit Documents and (b) the representations and warranties set forth in Section 6 of the Amended Credit Agreement are, subject to the limitations set forth therein, true and correct in all material respects as of the date hereof (except for those which expressly relate to an earlier date).

SECTION 6.2. Cross-References. References in this Agreement to any Section are, unless otherwise specified, to such Section of this Agreement.

SECTION 6.3. Instrument Pursuant to Existing Credit Agreement. This Agreement is a document executed pursuant to the Existing Credit Agreement and shall (unless otherwise expressly indicated therein) be construed, administered and applied in accordance with the terms and provisions of the Existing Credit Agreement.

SECTION 6.4. Credit Documents. The Borrower and the Guarantors hereby confirm and agree that the Credit Documents are, and shall continue to be, in full force and effect, and hereby ratify and confirm in all respects their obligations thereunder, except that, upon the effectiveness of, and on and after the date of this Agreement, all references in each Credit Document to the "Credit Agreement", "thereunder", "thereof" or words of like import referring to the Existing Credit Agreement shall mean the Amended Credit Agreement.

SECTION 6.5. Counterparts, Effectiveness, Etc. This Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of executed counterparts of this Agreement by telecopy shall be effective as an original and shall constitute a representation that an original shall be delivered.

SECTION 6.6. Governing Law; Entire Agreement. THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NORTH CAROLINA WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PRINCIPLES THEREOF.

SECTION 6.7. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers as of the day and year first above written.

*BORROWER: SYKES ENTERPRISES, INCORPORATED*

*By: /S/ W. Michael Kipphut*

-----  
*Name: W. Michael Kipphut*  
*Title: Sr. Vice President and Chief Financial Officer*

*GUARANTORS: SYKES REALTY, INC.*

*By:/S/ W. Michael Kipphut*

-----  
*Name: W. Michael Kipphut*  
*Title: Vice President and Chief Financial Officer*

**SYKES E-COMMERCE INCORPORATED**

*By:/S/ W. Michael Kipphut*

-----  
*Name: W. Michael Kipphut*  
*Title: Secretary and Treasurer*

**SYKES GLOBAL HOLDINGS L.L.C.**

*By:/S/ W. Michael Kipphut*

-----  
*Name: W. Michael Kipphut*  
*Title: Sr. Vice President and Chief Financial Officer*

**SYKES LP HOLDINGS L.L.C.**

*By:/S/ W. Michael Kipphut*

-----  
*Name: W. Michael Kipphut*  
*Title: Sr. Vice President and Chief Financial Officer*

Amendment No. 2 to Amended and Restated Credit Agreement

(December 2001)

LENDERS: BANK OF AMERICA, N.A., individually in its capacity as a Lender and in its capacity as Agent

*By:/S/ John E. Williams*

-----  
*Name: John E. Williams*  
*Title: Managing Director*

**SUNTRUST BANK**

*By:/S/ Karen C. Copeland*

-----  
*Name: Karen C. Copeland*  
*Title: Vice President*

**FIRST UNION NATIONAL BANK**

*By:/S/ David L. Driggers*

-----  
*Name: David L. Driggers*  
*Title: Managing Director*

BANK ONE, NA (formerly known as The First National Bank of Chicago)

*By:/S/ Steven P. Sullivan*

-----  
*Name: Steven P. Sullivan*  
*Title: Associate*

**FLEET NATIONAL BANK**

*By:/S/ Thomas Engels*

-----  
*Name: Thomas Engels*  
*Title: Senior Vice President*

Amendment No. 2 to Amended and Restated Credit Agreement

(December 2001)

SOUTHTRUST BANK, formerly known as SouthTrust Bank, National Association

*By:/S/ Leslie Fredericks*

-----  
*Name: Leslie Fredericks*

*Title: Vice President*

**BNP PARISBAS**

*By:/S/ Aurora Abella*

-----  
*Name: Aurora Abella*

*Title: Vice President*

*By:/S/ Craig Pierce*

-----  
*Name: Craig Pierce*

*Title: Associate*

Amendment No. 2 to Amended and Restated Credit Agreement

(December 2001)

## SCHEDULE 6.12

### SCHEDULE OF SUBSIDIARIES

COMPANY NAME	JURISDICTION	OWNERSHIP	% OWNED
Sykes Enterprises, Incorporated	Florida	Publicly Held	%
1. Sykes Realty, Inc.	Florida	Sykes Enterprises, Incorporated	100%
2. Sykes Enterprises Delaware, Inc.	Delaware	Sykes Enterprises, Incorporated	100%
3. Sykes Enterprises - South Africa, Inc.	Florida	Sykes Enterprises, Incorporated	100%
4. Sykes Enterprises of Canada, Inc.	Canada	Sykes Enterprises, Incorporated	100%
5. Sykes Financial Services, Inc.	Maryland	Sykes Enterprises, Incorporated	100%
6. SEI Technical Services, Ltd.	London	Sykes Enterprises, Incorporated	50%
		John Sykes	50%
7. McQueen International Incorporated	California	Sykes Enterprises, Incorporated	100%
A. Sykes E-Commerce, Incorporated	Delaware	McQueen International Incorporated	100%
8. Sykes Latin America, S.A.	Costa Rica	Sykes Enterprises, Incorporated	100%
9. Sykes Enterprises Incorporated, S.L.	Spain	Sykes Enterprises, Incorporated	100%
10. McQueen International Limited	Scotland	Sykes Enterprises, Incorporated	100%
A. McQueen Europe Limited	Scotland	McQueen International Limited	100%
1) Sykes Netherlands B.V.	Netherlands	McQueen Europe Limited	100%
a) McQueen Scandinavian AB	Sweden	Sykes Netherlands B.V.	100%
b) McQueen International B.V.	Netherlands	Sykes Netherlands B.V.	100%
c) Sykes Asia Inc.	Philippines	Sykes Netherlands B.V.	100%
d) Sykes France S.A.	France	Sykes Netherlands B.V.	100%
2) Sykes Europe Limited	Scotland	McQueen International Limited	100%
a) McQueen Graphics Limited	Scotland	Sykes Europe Limited	100%
b) Printsoft Limited	Scotland	Sykes Europe Limited	100%
c) McQueen Direct Limited	Scotland	Sykes Europe Limited	100%
d) McQueen ESOT Trustees Limited	Scotland	Sykes Europe Limited	100%
e) McQueen Integrated Manufacturing Services Limited	Scotland	Sykes Europe Limited	100%
f) LINK Network Limited	Scotland	Sykes Europe Limited	100%
11. Sykes Holdings of Belgium B.V.B.A.	Belgium	Sykes Enterprises, Incorporated	99%
		Sykes Enterprises Incorporated BV	1%
A. Sykes Belgium N.V.	Belgium	Sykes Holdings of Belgium B.V.B.A.	100%
12. Sykes Investments CV	Netherlands	Sykes LP Holdings, LLC	99.99%
		Sykes Global Holdings, LLC	0.01%
A. Sykes Enterprises Incorporated Holdings B.V.	Netherlands	Sykes Investments CV	100%
1) Sykes Datasvar Support AB	Sweden	Sykes Enterprises Incorporated Holdings B.V.	100%
a) Twin Point AB	Sweden	Sykes Datasvar Support AB	100%
2) Sykes International Holdings BV	Netherlands	Sykes Enterprises Incorporated Holdings B.V.	100%
a) Sykes Canada, Inc.	Canada	Sykes International Holdings BV	100%
1) 248 Pall Mall (London) Inc.	Canada	Sykes Canada, Inc.	100%
i) Station Park Fitness Club Inc.	Canada	248 Pall Mall (London) Inc.	100%
2) Clinidata Incorporated	Canada	Sykes Canada, Inc.	100%
3) Sykes Enterprises GmbH	Germany	Sykes Canada, Inc.	100%
i) Sykes Enterprises Hamburg Hannover GmbH & Co. KG	Germany	Sykes Enterprises GmbH	90%
		Sykes Enterprises Verwaltungs und Management GmbH	10%
ii) Sykes Enterprises Verwaltungs und Management GmbH	Germany	Sykes Enterprises GmbH	100%
iii) Tas Hedi Fabinyi Telemarketing Und Kommunikationskonzepte GmbH & Co. KG	Germany	Sykes Enterprises GmbH	90%
		Sykes Verwaltungsgesellschaft mbH	10%
iv) Sykes Verwaltungsgesellschaft mbH	Germany	Sykes Enterprises GmbH	100%
v) Sykes Enterprises Support Services B.V. & Co. KG	Germany	Sykes Enterprises GmbH	49%
		Sykes Enterprises Incorporated BV	51%
vi) Sykes Enterprises Management GmbH	Germany	Sykes Enterprises GmbH	100%
vii) Sykes Enterprises Verwaltungs und Beteiligungsgellschaft mbH	Germany	Sykes Enterprises GmbH	100%
viii) Sykes Enterprises Bochum GmbH & Co. KG	Germany	Sykes Enterprises GmbH	90%
		Sykes Enterprises Management GmbH	10%
- Sykes Enterprises Wilhems-laven GmbH & Co. KG	Germany	Sykes Enterprises Bochum GmbH & Co. KG	99.92%
		Sykes Enterprises Verwaltungs und Beteiligungsgellschaft mbH	0.08%
- TST Tele Service Team, GmbH	Germany	Sykes Enterprises Bochum GmbH & Co. KG	64%
		Iris Gordelik	26%
		Norbert Bromkamp	10%
- T.O.P. Teleshopping, GmbH	Germany	Sykes Enterprises Bochum GmbH & Co. KG	67%

3)	Sykes Enterprises Incorporated BV	Netherlands	Hans-Joachim Grun	33%
			Sykes Enterprises Incorporated	100%
			Holdings BV	
a)	Sykes Enterprises Istanbul Limited Sirket	Turkey	Sykes Enterprises Incorporated BV	100%
b)	Sykes Information Technology China (Shanghai) Co. Ltd.	China	Sykes Enterprises Incorporated BV	100%
c)	Sykes Enterprises Italy S.r.L	Italy	Sykes Enterprises Incorporated BV	100%
d)	Sykes Enterprises. Kft. Budapest	Hungary	Sykes Enterprises Incorporated BV	100%
e)	Sykes Central Europe Kft	Hungary	Sykes Enterprises Incorporated BV	99.8%
			Mr. Gyorgy Laszlo	0.2%
	f) Sykes Finland Oy	Finland	Sykes Enterprises Incorporated BV	100%
13.	Sykes Global Holdings, LLC	Delaware	Sykes Enterprises, Incorporated	100%
14.	Sykes LP Holdings, LLC	Delaware	Sykes Enterprises, Incorporated	100%

## ANNEX A

### Description of Borrower's Reorganization

Please see below a description of the proposed planning for Sykes Enterprises, Incorporated (hereinafter referred to as "Sykes" or "the Company").

The purpose of this planning is to improve the Company's treasury position by allowing it to efficiently transfer funds amongst its domestic and foreign group members in accord with its business objectives.

In general, the planning contemplates a contribution of various foreign subsidiaries to a newly formed Dutch limited partnership, (a "Commanditaire Vennootschap" or "CV"). Prior to their contribution, the Company has held these foreign subsidiaries directly. The CV will thereafter act as a European holding company for many of Sykes' foreign subsidiaries.

The planning also contemplates a transaction whereby Sykes' Canadian subsidiary will purchase Sykes' Germany subsidiaries.

The Company will effect the planning through a series of steps. The significant details of these steps are set out below. Although the transactions and amounts included below represent Sykes' current plan, the actual transactions and amounts may be slightly different.

1. Sykes will form two new subsidiaries:

- Sykes Canada Company, a Canadian unlimited liability corporation (hereinafter referred to as "SCC ULC") and
- Sykes International Holdings BV, a Dutch corporation (hereinafter referred to as "NBV");

Sykes will fund these entities with the minimum capital required;

2. Sykes will contribute the shares of SCC ULC to the capital of Sykes Canada Corporation, ("SCC"), a wholly owned Canadian subsidiary of Sykes;

3. Sykes will contribute the shares of SCC, NBV and the shares of its wholly owned Swedish subsidiary, Datasvar, to its previously-existing Dutch subsidiary, Sykes Enterprises Holdings, BV (hereinafter referred to as "HBV");

4. HBV will contribute the shares of SCC to NBV;

5. Sykes will form two new wholly-owned US subsidiary, Sykes Global Holdings, LLC (referred to herein as "US LLC") and Sykes LP Holding, LLC (referred to herein as "LPLLC");

6. Sykes, through US LLC and LPLLC will create a new Dutch entity, Sykes Investments, CV (hereinafter referred to as "CV"); LPLLC will act as a limited partner of CV holding in excess of 99.99%, and US LLC will act as a general partner, holding less than 0.01%;
7. Sykes will contribute the shares of Sykes Enterprises GmbH, its wholly owned German subsidiary (hereinafter referred to as SE\_GmbH), and the shares of HBV to CV.
8. SCC and SCC ULC will amalgamate with the resulting Canadian entity taking on unlimited liability form (the surviving entity will hereinafter be referred to as "CanSub ULC");
9. CV will sell approximately \$10 million of shares of SE\_GmbH to NBV in exchange for a note payable issued by NBV (hereinafter referred to as the "NBV Note");
10. CV will sell its remaining shares of SE\_GmbH to CanSub ULC in exchange for an approximately \$40 million note payable issued by CanSub ULC (The "CanSub Note") and for additional shares of CanSub ULC;
11. NBV will contribute the SE\_GmbH shares it recently purchased (as described above) to the capital of CanSub ULC;
12. CV will sell the CanSub Note to HBV in exchange for an approximately \$40 million note payable issued by HBV;
13. CanSub ULC will distribute approximately \$13 million of cash to NBV as a distribution of capital;
14. NBV will distribute approximately \$13 million of cash to CV in full satisfaction of the NBV Note; and
15. CV will distribute approximately \$13 million of cash to Sykes as a partnership distribution.

## EXHIBIT 10.7

### AMENDMENT NO. 5 TO CREDIT AGREEMENT

THIS AMENDMENT NO. 5 TO CREDIT AGREEMENT (this "Amendment No. 5"), dated as of December 21, 2001, is by and among SYKES ENTERPRISES, INCORPORATED, a Florida corporation (the "Borrower"), the guarantors listed on the signature pages hereto, the other subsidiaries of the Borrower listed on the signature pages hereto and BANK OF AMERICA, N.A., a national banking association (the "Bank").

#### WITNESSETH:

WHEREAS, the Borrower and the Bank are parties to that certain Credit Agreement, dated as of February 27, 1998, as amended by a First Amendment to Credit Agreement dated as of October 1998, an Amendment No. 2 to Credit Agreement dated as of January 18, 2000, an Amendment No. 3 to Credit Agreement dated as of May 2, 2000 and an Amendment No. 4 to Credit Agreement dated as of June 22, 2001 (the "Existing Credit Agreement");

WHEREAS, the Foreign Subsidiary Borrowers have executed the Foreign Currency Notes pursuant to the Existing Credit Agreement;

WHEREAS, by separate guaranty agreements dated May 2, 2000, May 2, 2000, December 21, 2001, and December 21, 2001 respectively, Sykes E-Commerce, Incorporated, Sykes Realty, Inc., Sykes LP Holdings, LLC, and Sykes Global Holdings, LLC (collectively, the "Guarantors") agreed to guaranty the Borrower's obligations under the Credit Agreement;

WHEREAS, the Borrower and the Bank have agreed to amend the Existing Credit Agreement as set forth herein and the Guarantors and the Foreign Subsidiary Borrowers desire to acknowledge and agree to such amendment.

NOW, THEREFORE, in consideration of the agreements herein contained, the parties hereby agree as follows:

#### I DEFINITIONS

SECTION 1.1. Certain Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Amendment No. 5, including its preamble and recitals, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"Amended Credit Agreement" means the Existing Credit Agreement as amended hereby.

"Amendment No. 5 Effective Date" is defined in Section 5.1.

SECTION 1.2. Other Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Amendment No. 5, including its preamble and recitals, have the meanings provided in the Amended Credit Agreement.

## **II AMENDMENTS TO EXISTING CREDIT AGREEMENT**

Effective as of the Amendment No. 5 Effective Date, the Existing Credit Agreement is hereby amended in accordance with these Sections 2.1 through 2.4. Except as so amended, the Existing Credit Agreement, the Notes and the other Credit Documents shall continue in full force and effect.

SECTION 2.1. Amendments to Section 1.01. Section 1.01 of the Existing Credit Agreement is hereby amended by inserting, in the alphabetically appropriate place, the following definition:

"Amendment No. 5" means Amendment No. 5 to Credit Agreement, dated as of December 21+, 2001, among the Borrower, Sykes Realty, Inc., Sykes E-Commerce, Incorporated, the other subsidiaries of the Borrower listed on the signature pages thereto and the Bank, amending this Credit Agreement as then in effect.

SECTION 2.2 Amendment to Section 3.05. Section 3.05 of the Existing Credit Agreement is hereby amended by replacing the first sentence thereof with the following:

The representations and warranties contained in Sections 6.1, 6.2, 6.3, 6.6, 6.7, 6.9, 6.10, 6.12, 6.13, 6.14 and 6.15 of the Syndicated Credit Agreement, as in effect on the date of Amendment No. 5 and after giving effect to any amendment or modification to the Syndicated Credit Agreement which the Bank, acting in its capacity as the lender hereunder, has approved in a writing referring to this Credit Agreement (the "Incorporated Representations"), are hereby incorporated by reference and shall be binding on the Borrower as if set forth fully herein.

SECTION 2.3 Amendment to Section 4.01. Section 4.01 of the Existing Credit Agreement is hereby amended by replacing the first sentence thereof with the following:

The affirmative and negative covenants contained in Sections 7.1 through 7.9 and Sections 8.1 through 8.10 of the Syndicated Credit Agreement, as in effect on the date of Amendment No. 5 and after giving effect to any amendment or modification to the Syndicated Credit Agreement which the Bank, acting in its capacity as the lender hereunder, has approved in a writing referring to this Credit Agreement (the "Incorporated Covenants"), are hereby incorporated by reference and shall be binding on the Borrower as if set forth fully herein.

SECTION 2.4 Amendment to Section 4.02. Section 4.02 of the Existing Credit Agreement is hereby amended by replacing each reference to "66%" therein with a reference to "65%".

### **III CONSENT AND WAIVER RELATING TO REORGANIZATION**

SECTION 3.1 Consent and Waiver. In connection with the pending reorganization of the Borrower's corporate organizational structure, the Bank hereby (a) acknowledges its consent to the specific intercompany transactions outlined on Annex A hereto, to the extent such transactions are described on such Annex A, (b) waives any Default or Event of Default that may arise under

Section 4.01 of the Amended Credit Agreement solely as a result of the consummation of the intercompany transactions outlined on Annex A hereto, to the extent such transactions are described on such Annex A, (c) acknowledges and agrees that the intercompany payments and distributions made as a result of the reorganization as described on such Annex A, shall not be regarded as Restricted Payments for purposes of Section 8.7 of the Syndicated Credit Agreement as incorporated through Section 4.01 of the Amended Credit Agreement and (d) waive the requirement pursuant to Section 4.02 of the Existing Credit Agreement that the Borrower or any Subsidiary of the Borrower cause to be pledged the Voting Stock of Sykes Investments C.V., a Dutch limited partnership. The waivers set forth in this Section 3.1 are one-time waivers and shall not be construed to be

(i) waivers as to future compliance with Sections 4.01 or 4.02 of the Amended Credit Agreement, (ii) waivers of any other Default or Event of Default that may exist or (iii) an amendment of or modification to the Existing Credit Agreement. The Bank hereby reserves all of its rights, powers and remedies under the Amended Credit Agreement, after giving effect to this Amendment No. 5, and applicable law.

### **IV RELEASE OF PLEDGE RELATING TO SYKES CANADA**

SECTION 4.1. Release of Pledge Agreement and Related Collateral. The Bank hereby authorizes and instructs Bank of America, N.A., as collateral agent (in such capacity, the "Collateral Agent"), to release, effective as of the Amendment No. 5 Effective Date, (a) that certain Pledge Agreement dated as of May 2, 2000 given by the Borrower in favor of the Collateral Agent with respect to the Borrower's pledge of 66% of the capital stock of Sykes Canada Corporation (formerly Oracle Service Networks Corporation) and (b) the capital stock and related collateral pledged pursuant to such Pledge Agreement.

### **V CONDITIONS TO EFFECTIVENESS**

SECTION 5.1. Amendment No. 5 Effective Date. This Amendment No. 5 shall be and become effective as of the date hereof (the "Amendment No. 5 Effective Date") when all of the

conditions set forth in this Section 5.1 shall have been satisfied, and thereafter, this Amendment No. 5 shall be known, and may be referred to, as "Amendment No. 5."

SECTION 5.1.1. Execution of Counterparts. The Bank shall have received (including by telecopy) counterparts of this Amendment No. 5 which shall have been duly executed on behalf of the Borrower, the Guarantors, the other subsidiaries of the Borrower listed on the signature pages hereto and the Bank.

SECTION 5.1.2. Subsidiary Guaranty. The Bank shall have received (including by telecopy) counterparts of Guaranty Agreements which shall have been duly executed on behalf of Sykes Global Holdings, LLC and on behalf of Sykes LP Holdings, LLC.

SECTION 5.1.3. Legal Details, Etc. All documents executed or submitted pursuant hereto shall be reasonably satisfactory in form and substance to the Bank and its counsel prior to or by the time of closing. Prior to or by the time of closing, the Bank and its counsel shall have received all information, and such counterpart originals or such certified or other copies of such originals, as the Bank or its counsel may reasonably request, and all legal matters incident to the transactions contemplated by this Amendment No. 5 shall be reasonably satisfactory to the Bank and its counsel.

SECTION 5.1.4. Payment of Amendment Fee. The Borrower shall have paid to the Bank a fee in connection with this Amendment No. 5 in an amount equal to 0.075% multiplied by the Revolving Loan Committed Amount.

## VI MISCELLANEOUS

SECTION 6.1. Representations and Warranties. The Borrower hereby represents and warrants to the Bank that, after giving effect to this Amendment No. 5, (a) no Default or Event of Default exists under the Amended Credit Agreement or any of the other Credit Documents and (b) the representations and warranties incorporated pursuant to Section 3.05 of the Amended Credit Agreement are, subject to the limitations set forth therein, true and correct in all material respects as of the date hereof (except for those which expressly relate to an earlier date).

SECTION 6.2. Cross-References. References in this Amendment No. 5 to any Section are, unless otherwise specified, to such Section of this Amendment No. 5.

SECTION 6.3. Instrument Pursuant to Existing Credit Agreement. This Amendment No. 5 is a document executed pursuant to the Existing Credit Agreement and shall (unless otherwise expressly indicated therein) be construed, administered and applied in accordance with the terms and provisions of the Existing Credit Agreement.

SECTION 6.4. Credit Documents. The Borrower, the Guarantors and the other subsidiaries of the Borrower listed on the signature pages hereto hereby confirm and agree that the Credit Documents are, and shall continue to be, in full force and effect, and hereby ratify and

confirm in all respects their obligations thereunder, except that, upon the effectiveness of, and on and after the date of this Amendment No. 5, all references in each Credit Document to the "Credit Agreement", "thereunder", "thereof" or words of like import referring to the Existing Credit Agreement shall mean the Amended Credit Agreement.

SECTION 6.5. Counterparts, Effectiveness, Etc. This Amendment No. 5 may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of executed counterparts of this Amendment No. 5 by telecopy shall be effective as an original and shall constitute a representation that an original shall be delivered.

SECTION 6.6. Governing Law; Entire Agreement. THIS AMENDMENT NO. 5 SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NORTH CAROLINA WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PRINCIPLES THEREOF.

SECTION 6.7. Successors and Assigns. This Amendment No. 5 shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 5 to be executed by their respective duly authorized officers as of the day and year first above written.

*BORROWER: SYKES ENTERPRISES, INCORPORATED*

*By:/S/ W. Michael Kipphut*  
-----

*Name: W. Michael Kipphut  
Title: Sr. Vice President and Chief Financial Officer*

*GUARANTORS: SYKES REALTY, INC.*

*By:/S/ W. Michael Kipphut*  
-----

*Name: W. Michael Kipphut  
Title: Vice President and Chief Financial Officer*

**SYKES E-COMMERCE, INCORPORATED**

*By:/S/ W. Michael Kipphut*  
-----

*Name: W. Michael Kipphut  
Title: Secretary and Treasurer*

**SYKES GLOBAL HOLDINGS, LLC**

*By:/S/ W. Michael Kipphut*  
-----

*Name: W. Michael Kipphut  
Title: Sr. Vice President and Chief Financial Officer*

**SYKES LP HOLDINGS, LLC**

*By:/S/ W. Michael Kipphut*  
-----

*Name: W. Michael Kipphut  
Title: Sr. Vice President and Chief Financial Officer*

**SUBSIDIARIES OF THE  
BORROWER:**

**SYKES DATASVAR SUPPORT AB,  
STOCKHOLM SWEDEN**

*By:/S/ W. Michael Kipphut*

-----  
*Name: W. Michael Kipphut*

*Title: Authorized Representative*

**SYKES ENTERPRISES GmbH**

*By:/S/ W. Michael Kipphut*

-----  
*Name: W. Michael Kipphut*

*Title: Authorized Representative*

**SYKES ENTERPRISES INCORPORATED  
HOLDINGS BV**

*By:/S/ W. Michael Kipphut*

-----  
*Name: W. Michael Kipphut*

*Title: Authorized Representative*

**SYKES ENTERPRISES INCORPORATED BV**

*By:/S/ W. Michael Kipphut*

-----  
*Name: W. Michael Kipphut*

*Title: Authorized Representative*

**SYKES HOLDINGS OF BELGIUM B.V.B.A.**

*By:/S/ W. Michael Kipphut*

-----  
*Name: W. Michael Kipphut*

*Title: Authorized Representative*

**MCQUEEN INTERNATIONAL, LIMITED**

*By:/S/ W. Michael Kipphut*

-----  
*Name: W. Michael Kipphut*

*Title: Authorized Representative*

BANK: BANK OF AMERICA, N.A., formerly known as NationsBank, N.A.

*By: /S/ John E. Williams*

-----  
*Name: John E. Williams*

*Title: Managing Director*

Signature Page to Amendment No. 5 to Credit Agreement -- Sykes Enterprises, Incorporated December 2001

## ANNEX A

### Description of Borrower's Reorganization

Please see below a description of the proposed planning for Sykes Enterprises, Incorporated (hereinafter referred to as "Sykes" or "the Company").

The purpose of this planning is to improve the Company's treasury position by allowing it to efficiently transfer funds amongst its domestic and foreign group members in accord with its business objectives.

In general, the planning contemplates a contribution of various foreign subsidiaries to a newly formed Dutch limited partnership, (a "Commanditaire Vennootschap" or "CV"). Prior to their contribution, the Company has held these foreign subsidiaries directly. The CV will thereafter act as a European holding company for many of Sykes' foreign subsidiaries.

The planning also contemplates a transaction whereby Sykes' Canadian subsidiary will purchase Sykes' German subsidiaries.

The Company will effect the planning through a series of steps. The significant details of these steps are set out below. Although the transactions and amounts included below represent Sykes' current plan, the actual transactions and amounts may be slightly different.

1. Sykes will form two new subsidiaries:

- Sykes Canada Company, a Canadian unlimited liability corporation (hereinafter referred to as "SCC ULC") and
- Sykes International Holdings BV, a Dutch corporation (hereinafter referred to as "NBV");

Sykes will fund these entities with the minimum capital required;

2. Sykes will contribute the shares of SCC ULC to the capital of Sykes Canada Corporation, ("SCC"), a wholly owned Canadian subsidiary of Sykes;

3. Sykes will contribute the shares of SCC, NBV and the shares of its wholly owned Swedish subsidiary, Datasvar, to its previously-existing Dutch subsidiary, Sykes Enterprises Holdings, BV (hereinafter referred to as "HBV");

4. HBV will contribute the shares of SCC to NBV;

5. Sykes will form two new wholly-owned US subsidiary, Sykes Global Holdings, LLC (referred to herein as "US LLC") and Sykes LP Holdings, LLC (referred to herein as "LPLLC");

6. Sykes, through US LLC and LPLLC, will create a new Dutch entity, Sykes Investments, CV (hereinafter referred to as "CV"); LPLLC will act as a limited partner of CV holding in excess of 99.99%, and US LLC will act as a general partner, holding less than 0.01%;
7. Sykes will contribute the shares of Sykes Enterprises GmbH, its wholly owned German subsidiary (hereinafter referred to as SE\_GmbH), and the shares of HBV to CV.
8. SCC and SCC ULC will amalgamate with the resulting Canadian entity taking on unlimited liability form (the surviving entity will hereinafter be referred to as "CanSub ULC");
9. CV will sell approximately \$10 million of shares of SE\_GmbH to NBV in exchange for a note payable issued by NBV (hereinafter referred to as the "NBV Note");
10. CV will sell its remaining shares of SE\_GmbH to CanSub ULC in exchange for an approximately \$40 million note payable issued by CanSub ULC (The "CanSub Note") and for additional shares of CanSub ULC;
11. NBV will contribute the SE\_GmbH shares it recently purchased (as described above) to the capital of CanSub ULC;
12. CV will sell the CanSub Note to HBV in exchange for an approximately \$40 million note payable issued by HBV;
13. CanSub ULC will distribute approximately \$13 million of cash to NBV as a distribution of capital;
14. NBV will distribute approximately \$13 million of cash to CV in full satisfaction of the NBV Note; and
15. CV will distribute approximately \$13 million of cash to Sykes as a partnership distribution.

**EXHIBIT 10.9**

**AMENDED AND RESTATED  
EMPLOYMENT AGREEMENT**

**SYKES(TM)**

**Real People. Real Solutions.**

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 TERM OR RENEWAL PERIOD AND PROVISIONS OF THIS AGREEMENT ARE NOT FULLY UNDERSTOOD BY YOU.

THIS AGREEMENT is made as of the 18th day of February 2002, by and between SYKES ENTERPRISES, INCORPORATED, a Florida corporation (the "Company"), and CHARLES E. SYKES (the "Executive").

**W I T N E S S E T H :**

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

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

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

1. **EMPLOYMENT AND DUTIES.** Subject to the terms and conditions of this Agreement, the Company shall employ the Executive during the Term or Renewal Period(s) (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/her best efforts and entire business time, skill, labor, and attention to the performance of such duties. The Executive agrees to promptly provide a description of any other commercial duties or pursuits engaged in by the Executive to the Company's Board of Directors. If the Board of Directors determines in good faith that such activities conflict with the Executive's performance of his/her 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 OR RENEWAL PERIOD.** Subject to the Term or Renewal Period(s) 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 for the term of employment stated in Exhibit A attached hereto and incorporated herein (such Term shall herein be defined as the "Term"). Provided, however, that this Agreement shall renew automatically for successive one (1) year periods ("Renewal Periods") unless either party gives written notice of termination at least that number of

Executive/Term or Renewal Period Sykes Enterprises Inc. [ILLEGIBLE] Revised February 2002 Page Number 1 Initial

days set forth on Exhibit A before the end of the Term or Renewal Period, as applicable (the "Renewal Notice Period"). 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 or Renewal Period 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 or Renewal Period 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 or Renewal Period 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

**General Manager and Senior Vice President, Americas**

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

**General Manager and Senior Vice President, Americas**

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

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

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

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

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

(5) Engage in any practice, the purpose of which is to evade the provisions of this Agreement or to commit any act which is detrimental to the successful continuation of or which adversely affects the business or the Company; provided, however, that the foregoing shall not preclude the Executive's ownership of not more than 2% of the equity securities of a company whose securities are registered under Section 12 of the Securities Exchange Act of 1934, as amended;

(6) For purpose of these Covenant Not-to-Compete and No Solicitation provisions, Client includes any subsidiaries, affiliates, customers, and clients of the Company's Clients. The Executive agrees that the geographic scope of this Covenant Not-to-Compete shall extend to the geographic area where the Company's Clients conduct business at any time during the Term or Renewal Period(s) of this Agreement. For purposes of this Agreement, "Clients" means any

### **General Manager and Senior Vice President, Americas**

person or entity to which the Company provides or has provided within a period of one (1) year prior to the Executive's termination of employment, labor, materials or services for the furtherance of such entity's or person's business or any person or entity that within such period of one (1) year the Company has pursued or communicated with for the purpose of obtaining business for the Company.

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

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

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

### **6. TERMINATION**

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

(b) Disability. If during the Term or Renewal Period(s) the Executive becomes physically or mentally disabled in accordance with the terms and conditions of any disability insurance policy covering the Executive, or, if due to such physical or mental disability the Executive becomes unable for a period of more than six (6) consecutive months to perform his/her duties hereunder on substantially a full-time basis as determined by the Company in its sole reasonable discretion, the Company may, at its option, terminate the Executive's employment hereunder upon not less than thirty (30) days' written notice.

(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/her duties hereunder or the Executive's refusal to perform his/her 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 designee(s); (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) Payments Upon Termination. 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 an early termination

**General Manager and Senior Vice President, Americas**

by the Company of the Executive's employment with the Company for any reason other than pursuant to Section 6(A)(B)(C), the Company shall pay the Executive an amount equal to the Liquidated Damages defined in (e) below (in lieu of actual damages) for the early termination of his/her employment. In the event of a termination of the Executive's employment for any reason other than pursuant to Section 6(A)(B)(C), the Covenant Not-to-Compete set forth in Section 5 hereof shall remain in full force and effect for the period set forth in (e) below. If the Company terminates the Executive's employment pursuant to Section 6(A)(B)(C) or the Executive terminates such employment, the Executive shall not be entitled to any Liquidated Damages and the Covenant Not-to-Compete set forth in Section 5 hereof shall remain in full force and effect as set forth in (e) below. Notwithstanding anything to the contrary herein contained, and in addition to any other compensation to which the Executive may be entitled to receive pursuant to this Agreement, the Executive shall receive all compensation and other benefits to which he or she was entitled under this Agreement or otherwise as an executive of the Company through the termination date. Executive shall not be entitled to any Liquidated Damages in the event the Company does not terminate this Agreement but elects not to renew this Agreement as permitted by Section 2 hereof.

(e) Liquidated Damages and Non-Competition/Solicitation. The Liquidated Damages ("Liquidated Damages") amount, if due as provided above, shall be equal to the weekly amount stated as Base Salary on Exhibit A, through the end of the Term or Renewal Period of the Agreement or for fifty two (52) weeks, whichever is greater. The provisions of Section 5 (the "Non-Competition/Solicitation Provisions") shall survive the early termination of this Agreement, by either party, and for any reason, through the end of the Term or Renewal Period of the Agreement or for fifty two (52) weeks, whichever is greater. Provided, however, the Company may elect, in its sole discretion, to release the Executive from all or any portion of the term of the Covenant Not-to-Compete set forth in Section 5 hereof. In the event the Company elects to release the Executive from such covenants, the amount of Liquidated Damages payable hereunder, if any, shall be reduced by an amount equal to the weekly amount stated as Base Salary on Exhibit A, times the number of weeks the Company has elected to release the Executive from such covenants. Provided however, notwithstanding anything herein to the contrary, the amount of Liquidated Damages shall not be less than the weekly amount stated as Base Salary on Exhibit A, times the number of weeks remaining between the early termination date and the end of the Term or Renewal Period. The amount of Liquidated Damages shall be paid biweekly in equal installments over such period. Notwithstanding anything here to the contrary, the Non-Solicitation restrictions set forth in Section 5(c)(4) shall survive the termination of this Agreement and remain in effect for the greater of fifty two (52) full weeks following termination or the full stated Term or Renewal Period of this Agreement.

(f) Condition Precedent to Receipt of Liquidated Damages. Executive expressly agrees that in the event of a termination of this Agreement prior to the expiration of the Term or Renewal Period, Executive will execute an agreement containing the waiver and release provisions set forth on Exhibit "B." Executive agrees and acknowledges that the execution of such an agreement upon termination prior to the expiration of the Term or Renewal Period, is a condition precedent to the obligation of the Company to pay any Liquidated Damages hereunder. The provisions set forth in Exhibit "B" provide for the release and waiver of important rights and/or claims that Executive might have against the Company at the time of any early termination of this Agreement. Executive hereby represents and warrants that he /she has read the attached Exhibit "B" and fully and completely understands the provisions thereof.

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: Group Executive and Sr. VP Human Resources

**General Manager and Senior Vice President, Americas**

with a copy to:

Sykes Enterprises, Incorporated  
100 North Tampa Street, Suite 3900  
Tampa, Florida 33602  
Attention: General Counsel

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

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

9. ARBITRATION OF DISPUTES.

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

(b) The Arbitrator. A single arbitrator will conduct the arbitration in Tampa, Florida, U.S.A., in accordance with the Commercial Arbitration Rules of the American Arbitration Association (the "Rules"), and judgment upon the written award rendered by the arbitrator may be entered in any court of competent jurisdiction. Notwithstanding the application of the Rules, however, discovery in the arbitration, including interrogatories, requests for production, requests for admission, and depositions, will be fully available and governed by the Federal Rules of Civil Procedure and Local Rules of the United States District Court for the Middle District of Florida. The parties may agree upon a person to act as sole arbitrator within thirty (30) days after submission of any claim or controversy to arbitration pursuant to this Section. If the parties are unable to agree upon such a person within such time period, an arbitrator shall be selected in accordance with the Rules. The arbitrator will not have the power to award punitive or exemplary damages.

**General Manager and Senior Vice President, Americas**

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

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

(e) Attorneys' Fees. The prevailing party in any arbitration or dispute, or in any litigation, arising out of or related to Executive's employment by Company or this Agreement, shall be entitled to recover all costs and reasonable attorneys' fees incurred on all levels and in all proceedings, including, but not limited to, arbitration, filing, hearing, processing, and witness fees, and any other costs and fees incurred, in any investigations, arbitrations, trials, bankruptcies, and appeals.

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

10. MISCELLANEOUS. No provision of this Agreement may be modified or waived unless such waiver or modification is agreed to in writing signed by the parties hereto; provided, however, that the terms of the performance bonus and fringe benefits set forth 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/her heirs, executors, administrators and legal representatives. Except as expressly set forth herein, no party shall assign any of his/her or its rights under this Agreement without the prior written consent of the other party and any attempted assignment without such prior written consent shall be null and void and without legal effect. The parties agree that if any provision of this Agreement shall under any circumstances be deemed invalid or inoperative, the Agreement shall be construed with the invalid or inoperative provision deleted and the rights and obligations of the parties shall be construed and enforced accordingly. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute but one and the same instrument. This Agreement has been negotiated and no party shall be considered as being responsible for such drafting for the purpose of applying any rule construing ambiguities against the drafter or otherwise.

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

*SYKES ENTERPRISES, INCORPORATED*

*EXECUTIVE*

By: */s/ Jenna R. Nelson*  
-----

*/s/ Charles E. Sykes*  
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*Address:*  
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**General Manager and Senior Vice President, Americas**

**Exhibit A to Employment Agreement**

This Exhibit A is attached to and made a part of that certain Amended and Restated Employment Agreement effective February 18, 2002 (the "Employment Agreement"), entered into by and between Sykes Enterprises, Incorporated (the "Company") and Charles E. Sykes (the "Executive"), which supercedes and replaces all other Exhibit A's to the Employment Agreement.

Effective Date:	February 18, 2002
Term:	Through March 5, 2004
Base Salary:	\$3,075.58 per week through 3/5/02 \$4,178.85 per week effective 3/6/02
Performance Bonus:	0%- 53%of annual base salary  Performance bonus payments will be made in accordance with the Company's standard policy for the payment of performance bonuses.
Fringe Benefits:	Standard executive fringe benefits
Renewal Notice Period	One Hundred Eighty (180) days
Stock Options:	100,000 incentive options under the 2001 Equity Incentive Plan effective March 18, 2002

**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 18th day of February, 2002.

*SYKES ENTERPRISES, INCORPORATED*

*EXECUTIVE*

By: */s/ Jenna R. Nelson*  
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*/s/ Charles E. Sykes*  
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**EXHIBIT B TO EMPLOYMENT AGREEMENT**

**WAIVER AND RELEASE**

Employee agrees as follows:

a. Employee agrees to release and forever discharge by this Agreement the Employer from all liabilities, causes of actions, charges, complaints, suits, claims, obligations, costs, losses, damages, injuries, rights, judgments, attorneys' fees, expenses, bonds, bills, penalties, fines, and all other legal responsibilities of any form whatsoever whether known or unknown, whether suspected or unsuspected, whether fixed or contingent, whether in law or in equity, including but not limited to those arising from any acts or omissions occurring prior to the effective date of this Agreement, including those arising by reason of any and all matters from the beginning of time to the present, arising out of his past employment with, compensation during, and separation from Employer. Employee specifically releases claims under all applicable state and federal laws, including but not limited to, Title VII of the Civil Rights Act of 1964 as amended, the Fair Labor Standards Act, the Rehabilitation Act of 1973, the Family Medical Leave Act, the Employee Retirement Income Security Act, the Consolidated Omnibus Reconciliation Act of 1986, the Americans with Disabilities Act, the Florida Civil Rights Act of 1992, the Workers' Compensation Act, the Equal Pay Act, the Age Discrimination in Employment Act of 1967 (Title 29, United States Code, Section 621, et seq.) ("ADEA"), as well as all common law claims, whether arising in tort or contract.

b. In addition to the other provisions in this Agreement, Employee acknowledges that the information in the following paragraphs is included for the express purpose of complying with the Older Workers' Benefits Protection Act, 29 U.S.C. ss.626(f):

i. I, \_\_\_\_\_, was over 40 years of age when I separated my employment and when I signed this Agreement. I realize there are many laws and regulations prohibiting employment discrimination or otherwise regulating employment or claims related to employment pursuant to which I may have rights or claims, including the Age Discrimination in Employment Act of 1967, as amended (the "ADEA"). I hereby waive and release any rights or claims I may have under the ADEA.

ii. By signing this Agreement, I state that I am receiving compensation and benefits to which I was not otherwise entitled. I am waiving and releasing all claims against Employer that I may have based on my age. I am not waiving any claim or action under the ADEA based upon rights or claims that may arise after the date I sign this Agreement.

iii. I am being given continued compensation and benefits in exchange for the release and waiver of all claims that I am agreeing to herein. This continued compensation is in addition to anything of value to which I am already entitled in that I am receiving this continued compensation without having to perform services of an equal value.

Exhibit B to Employment Agreement  
Waiver and Release

Sykes Enterprises, Incorporated

[ILLEGIBLE]

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iv. I was informed in writing that I could consult with an attorney before signing this Agreement. I acknowledge that I was given the opportunity to consider this Agreement for twenty-one (21) days before signing it, and, if I sign it, to revoke it for a period of seven (7) days thereafter. Regardless of when I signed this Agreement, I acknowledge that my seven-day period will not be waived. No payments will be made to me until after the seven-day revocation period expires.

c. Employee shall not disclose, either directly or indirectly, any information whatsoever regarding any of the terms or the existence of this Agreement or of any other claim Employee may have against the Employer, to any person or organization, including but not limited to members of the press and media, present and former employees of the Employer, companies who do business with the Employer, or other members of the public. The only exceptions to Employee's promise of confidentiality herein is that Employee may reveal such terms of this Agreement as are necessary to comply with a request made by the Internal Revenue Service, as otherwise compelled by a court or agency of competent jurisdiction, as allowed and/or required by law, or as necessary to comply with requests from Employee's accountants or attorneys for legitimate business purposes.

d. Employee shall refrain from making any written or oral statement or taking any action, directly or indirectly, which Employee knows or reasonably should know to be disparaging or negative concerning the Employer except as allowed or required by law. Employee also shall refrain from suggesting to anyone that any written or oral statements be made which Employee knows or reasonably should know to be disparaging or negative concerning the Employer, or from urging or influencing any person to make any such statement. This provision shall include, but not be limited to, the requirement that Employee refrain from expressing any disparaging or negative opinions concerning the Employer, Employee's separation from the Employer, any of the Employer's officers, directors, or employees, or any other matters relative to the Employer's reputation as an employer. Employee's promises in this subsection, however, shall not apply to any judicial or administrative proceeding in which Employee is a party or has been subpoenaed to testify under oath by a government agency or by any third party.

e. Beginning on the date of this Agreement and continuing at all times hereafter, Employee and Employer shall, without any additional compensation except as provided herein, provide each other with full cooperation and reasonable assistance in connection with Employer's defense of (i) any litigation against Employer, its officers, its subsidiaries, or its affiliates pending as of the date hereof or (ii) any other litigation against Employer, its officers, its subsidiaries, or its affiliates arising out of or relating to any circumstance, fact, event, or omission alleged to occur while Employee was employed by Employer. Employee shall at all times promptly be reimbursed by Employer for any and all out-of-pocket expenses, including travel expenses, that may be incurred by Employee in providing such cooperation and assistance, and to the extent that Employee provides any such assistance or cooperation after the Post-Employment Period, the Employee also shall be compensated for his time in providing such cooperation and assistance at a rate equivalent to a per diem based upon his base salary as in effect under the Employment Agreement as of the date hereof. Such cooperation and assistance shall include, but not be limited to, access for research, being available for consultation, for deposition and trial testimony, and for availability and execution of discovery-related documents such as interrogatories, affidavits, requests for production, requests for admissions, and responses to each, as deemed necessary. Employee and Employer further agree to provide their good will and good faith in providing honest and forthright cooperation in all other

aspects of their defense of any such litigation.

EFFECTIVE DATE. This Agreement may be revoked by the Employee for a period of seven (7) days following the execution of the Agreement, and the Agreement shall not become effective or enforceable until the revocation period has expired.

IN WITNESS WHEREOF, and intending to be legally bound, the Employer by its authorized representative, and Employee, execute this Employment Waiver and Release, by signing below voluntarily and with full knowledge of the significance of all its provisions.

**PLEASE READ CAREFULLY. THIS EMPLOYMENT WAIVER AND RELEASE INCLUDES A**

**RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.**

Exhibit B to Employment Agreement  
Waiver and Release

Sykes Enterprises, Incorporated

[ILLEGIBLE]

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**EXHIBIT 10.31**

**AMENDED AND RESTATED 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 effective as of the 1st day of October, 2001, 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 as the Company's Group Executive and Senior Vice President, Finance; and

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

WHEREAS, this Agreement amends and restates that certain Employment Agreement entered into by Executive and the Company effective March 6, 2000, as amended by that certain letter agreement dated November 8, 2000.

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 Group Executive and Senior Vice President, Finance. 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.

Executive/Term Sykes Enterprises Inc. \_\_\_\_\_ Page Number 1 Initial

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 set forth on Exhibit A attached hereto and incorporated herein (such term shall herein be defined as the "Term"). Provided, however, that the Term shall renew automatically for successive two (2) year periods unless either party gives written notice of termination at least 60 days before the end of the Term or renewal period, as applicable. 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 and made available to other similarly-situated 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 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 similarly-situated 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

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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 reasonable 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;
- (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;

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(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

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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, for the purposes of Sections 5(c)(1), 5(c)(2) and 5(c)(4), the geographic scope of this Covenant Not-to-Compete shall extend to the geographic area that is within 50 miles of any of the Company's business locations. For the purposes of Section 5(c)(3), 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 reasonable 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. The Company shall pay Executive's estate all accrued but unpaid base salary and bonus and all accrued but unused vacation time through the date of 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 reasonable discretion, the Company may, at its option, terminate the Executive's employment hereunder upon not less than thirty (30) days' written notice.

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(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, provided that such goals are presented in writing or otherwise communicated to Executive; (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: Group Executive and Sr.  
Vice President, 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.

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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 attorneys' 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. 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.

10. PLACE OF PERFORMANCE. During the Term, Executive's principal place of business shall be located in Tampa, Florida.

11. TERMINATION AFTER CHANGE OF CONTROL. In the event Executive's employment hereunder is terminated by the Company for any of the reasons set forth in Section 6(a), (b), or (c), or by the Executive (other than for Good Reason, defined herein below), then this Section 11, dealing with Change of Control, shall have no effect, and Executive shall not be entitled to any Change of Control Termination Payment in such event. If, however, Executive's employment hereunder is terminated after a Change of Control (i) by the Executive for Good Reason; or (ii) by the Company (or any successor thereto or assignee thereof) other than pursuant to Section 6(a), (b), or (c), then, in that event, Executive shall receive (in equal installments over two years 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 earned bonus (regardless of whether such bonus is paid by the Company) 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:

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

(ii) the stockholders of the Company approve a merger, consolidation or share exchange of the Company with any other corporation or approve the issuance of voting securities of the Company in connection with a merger, consolidation or share exchange of the Company (or any direct or indirect subsidiary of the Company) pursuant to applicable stock exchange requirements, other than (A) a merger, consolidation or share exchange which would result in the voting securities of the Company outstanding immediately prior to such merger, consolidation or share exchange continuing to represent (either by remaining outstanding or by being converted into the right to receive voting securities of the surviving entity or any parent thereof) at least 50% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger, consolidation or share exchange, or (B) a merger, consolidation or share exchange effected to implement a recapitalization of the Company (or similar transaction) in which no Person (other than John H. Sykes) is or becomes the beneficial owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates after the annual meeting of shareholders of the Company held in 2000 pursuant to express authorization by the Board that refers to this exception) representing 45% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding voting securities; or

(iii) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets (in one transaction or a series of related transactions within any period of 24 consecutive months), other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity at least 75% of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportions as their ownership of the Company immediately prior to such sale.

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

The Executive may terminate his own employment pursuant to and only after the condition of this Section 11 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 the occurrence of any of the following events subsequent to a Change of Control:

(i) any reduction of the Base Salary or any other compensation or benefits (other than the Performance Bonus); or (ii) any other material adverse change to the terms and conditions of the Executive's employment, including but not limited to any diminution of the Customary Duties (as herebelow defined).

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Subsequent to a Change of Control, the Executive shall continue to hold such office and such level of authority and responsibility within the Company either (a) as was held immediately prior to such Change of Control or (b) of such scope, importance and influence as is customarily associated with the office held by him at the time of such Change of Control (hereinafter collectively referred to as the "Customary Duties").

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

*SYKES ENTERPRISES, INCORPORATED*      *EXECUTIVE*

*By: /S/ John H. Sykes*

*/S/ W. Michael Kipphut*

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*John H. Sykes*

*W. Michael Kipphut*

**Address:**

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EXHIBIT A TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT

TERM: Through March 05, 2004

BASE SALARY: Through March 5, 2002:\$5,576.92 per week  
 After March 5, 2002: \$6,442.31 per week  
 Subject to continued employment of Executive

PERFORMANCE BONUS: Executive's Target Bonus is 0% to 75% of base compensation, based on the following factors, weighted in the manner indicated below:

10% Achievement of Company's annual operating plan  
 15% 100% achievement of adjusted street expectations  
 15% Achievement of financial organization operating plan  
 60% Achievement of financial organization's Management Business Objectives (non-financial), as approved by the Board of Directors, with the amount of bonus payment dependent on the assessment of the Chairman and CEO.

The factors listed above, and their application in fiscal year 2002, are outlined in further detail in Schedule A - 2002. An updated Schedule A shall be established and attached hereto with respect to each subsequent fiscal year.

Performance bonus payments will be made in accordance with the Company's standard policy for the payment of performance bonuses.

FRINGE BENEFITS: ELIGIBLE FOR STANDARD FRINGE BENEFITS FOR EXECUTIVES

COVENANT NOT TO COMPETE: During full stated Term of Agreement and for twelve (12) months thereafter

NON-COMPETE PAYMENT: For termination occurring on or before March 5, 2002: \$5,576.92 per week for 52 weeks, beginning after full stated Term of Agreement, subject to Company's discretion as per Section 6(d) of Agreement

For termination occurring after March 5, 2002: \$6,442.31 per week for 52 weeks, beginning after full stated Term of Agreement, subject to Company's discretion as per Section 6(d) of Agreement

THE COMPANY RESERVES THE RIGHT, AT ITS SOLE DISCRETION, AT SUCH TIME OR TIMES AS IT ELECTS, TO CHANGE OR ELIMINATE BONUSSES OR OTHER BENEFITS, EXCEPT FOR THOSE BONUSSES AND OTHER BENEFITS SET FORTH IN THE EMPLOYMENT AGREEMENT.

IN WITNESS WHEREOF, the parties have executed this Exhibit A effective as of the 1st day of October 2001.

SYKES ENTERPRISES, INCORPORATED

EXECUTIVE

By:/S/ John H. Sykes

/S/ W. Michael Kipphut

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John H. Sykes

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W. Michael Kipphut

**AMENDED AND RESTATED  
EMPLOYMENT AGREEMENT**

**SYKES(TM)**

**Real People. Real Solutions.**

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 TERM OR RENEWAL PERIOD AND PROVISIONS OF THIS AGREEMENT ARE NOT FULLY UNDERSTOOD BY YOU.

THIS AGREEMENT is made as of the 18th day of February 2002, by and between SYKES ENTERPRISES, INCORPORATED, a Florida corporation (the "Company"), and JENNA R. NELSON (the "Executive").

**W I T N E S S E T H :**

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

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

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

1. **EMPLOYMENT AND DUTIES.** Subject to the terms and conditions of this Agreement, the Company shall employ the Executive during the Term or Renewal Period(s) (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/her best efforts and entire business time, skill, labor, and attention to the performance of such duties. The Executive agrees to promptly provide a description of any other commercial duties or pursuits engaged in by the Executive to the Company's Board of Directors. If the Board of Directors determines in good faith that such activities conflict with the Executive's performance of his/her 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 OR RENEWAL PERIOD.** Subject to the Term or Renewal Period(s) 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 for the term of employment stated in Exhibit A attached hereto and incorporated herein (such Term shall herein be defined as the "Term"). Provided, however, that this Agreement shall renew automatically for successive one (1) year periods ("Renewal Periods") unless either party gives written notice of termination at least that number of

Executive/Term or Renewal Period  
Revised February 2002

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days set forth on Exhibit A before the end of the Term or Renewal Period, as applicable (the "Renewal Notice Period"). 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 or Renewal Period 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 or Renewal Period 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 or Renewal Period 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

**Group Executive and Senior Vice President, Human Resources**

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

**Group Executive and Senior Vice President, Human Resources**

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

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

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

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

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

(5) Engage in any practice, the purpose of which is to evade the provisions of this Agreement or to commit any act which is detrimental to the successful continuation of or which adversely affects the business or the Company; provided, however, that the foregoing shall not preclude the Executive's ownership of not more than 2% of the equity securities of a company whose securities are registered under Section 12 of the Securities Exchange Act of 1934, as amended;

(6) For purpose of these Covenant Not-to-Compete and No Solicitation provisions, Client includes any subsidiaries, affiliates, customers, and clients of the Company's Clients. The Executive agrees that the geographic scope of this Covenant Not-to-Compete shall extend to the geographic area where the Company's Clients conduct business at any time during the Term or Renewal Period(s) of this Agreement. For purposes of this Agreement, "Clients" means any

**Group Executive and Senior Vice President, Human Resources**

person or entity to which the Company provides or has provided within a period of one (1) year prior to the Executive's termination of employment, labor, materials or services for the furtherance of such entity's or person's business or any person or entity that within such period of one (1) year the Company has pursued or communicated with for the purpose of obtaining business for the Company.

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

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

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

**6. TERMINATION**

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

(b) Disability. If during the Term or Renewal Period(s) the Executive becomes physically or mentally disabled in accordance with the terms and conditions of any disability insurance policy covering the Executive, or, if due to such physical or mental disability the Executive becomes unable for a period of more than six (6) consecutive months to perform his/her duties hereunder on substantially a full-time basis as determined by the Company in its sole reasonable discretion, the Company may, at its option, terminate the Executive's employment hereunder upon not less than thirty (30) days' written notice.

(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/her duties hereunder or the Executive's refusal to perform his/her 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 designee(s); (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) Payments Upon Termination. 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 an early termination

**Group Executive and Senior Vice President, Human Resources**

by the Company of the Executive's employment with the Company for any reason other than pursuant to Section 6(A)(B)(C), the Company shall pay the Executive an amount equal to the Liquidated Damages defined in (e) below (in lieu of actual damages) for the early termination of his/her employment. In the event of a termination of the Executive's employment for any reason other than pursuant to Section 6(A)(B)(C), the Covenant Not-to-Compete set forth in Section 5 hereof shall remain in full force and effect for the period set forth in (e) below. If the Company terminates the Executive's employment pursuant to Section 6(A)(B)(C) or the Executive terminates such employment, the Executive shall not be entitled to any Liquidated Damages and the Covenant Not-to-Compete set forth in Section 5 hereof shall remain in full force and effect as set forth in (e) below. Notwithstanding anything to the contrary herein contained, and in addition to any other compensation to which the Executive may be entitled to receive pursuant to this Agreement, the Executive shall receive all compensation and other benefits to which he or she was entitled under this Agreement or otherwise as an executive of the Company through the termination date. Executive shall not be entitled to any Liquidated Damages in the event the Company does not terminate this Agreement but elects not to renew this Agreement as permitted by Section 2 hereof.

(e) Liquidated Damages and Non-Competition/Solicitation. The Liquidated Damages ("Liquidated Damages") amount, if due as provided above, shall be equal to the weekly amount stated as Base Salary on Exhibit A, through the end of the Term or Renewal Period of the Agreement or for fifty two (52) weeks, whichever is greater. The provisions of Section 5 (the "Non-Competition/Solicitation Provisions") shall survive the early termination of this Agreement, by either party, and for any reason, through the end of the Term or Renewal Period of the Agreement or for fifty two (52) weeks, whichever is greater. Provided, however, the Company may elect, in its sole discretion, to release the Executive from all or any portion of the term of the Covenant Not-to-Compete set forth in Section 5 hereof. In the event the Company elects to release the Executive from such covenants, the amount of Liquidated Damages payable hereunder, if any, shall be reduced by an amount equal to the weekly amount stated as Base Salary on Exhibit A, times the number of weeks the Company has elected to release the Executive from such covenants. Provided however, notwithstanding anything herein to the contrary, the amount of Liquidated Damages shall not be less than the weekly amount stated as Base Salary on Exhibit A, times the number of weeks remaining between the early termination date and the end of the Term or Renewal Period. The amount of Liquidated Damages shall be paid biweekly in equal installments over such period. Notwithstanding anything here to the contrary, the Non-Solicitation restrictions set forth in Section 5(c)(4) shall survive the termination of this Agreement and remain in effect for the greater of fifty two (52) full weeks following termination or the full stated Term or Renewal Period of this Agreement.

(f) Condition Precedent to Receipt of Liquidated Damages. Executive expressly agrees that in the event of a termination of this Agreement prior to the expiration of the Term or Renewal Period, Executive will execute an agreement containing the waiver and release provisions set forth on Exhibit "B." Executive agrees and acknowledges that the execution of such an agreement upon termination prior to the expiration of the Term or Renewal Period, is a condition precedent to the obligation of the Company to pay any Liquidated Damages hereunder. The provisions set forth in Exhibit "B" provide for the release and waiver of important rights and/or claims that Executive might have against the Company at the time of any early termination of this Agreement. Executive hereby represents and warrants that he /she has read the attached Exhibit "B" and fully and completely understands the provisions thereof.

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: Group Executive and Sr. VP Human Resources

**Group Executive and Senior Vice President, Human Resources**

with a copy to:

Sykes Enterprises, Incorporated  
100 North Tampa Street, Suite 3900  
Tampa, Florida 33602  
Attention: General Counsel

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

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

9. ARBITRATION OF DISPUTES.

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

(b) The Arbitrator. A single arbitrator will conduct the arbitration in Tampa, Florida, U.S.A., in accordance with the Commercial Arbitration Rules of the American Arbitration Association (the "Rules"), and judgment upon the written award rendered by the arbitrator may be entered in any court of competent jurisdiction. Notwithstanding the application of the Rules, however, discovery in the arbitration, including interrogatories, requests for production, requests for admission, and depositions, will be fully available and governed by the Federal Rules of Civil Procedure and Local Rules of the United States District Court for the Middle District of Florida. The parties may agree upon a person to act as sole arbitrator within thirty (30) days after submission of any claim or controversy to arbitration pursuant to this Section. If the parties are unable to agree upon such a person within such time period, an arbitrator shall be selected in accordance with the Rules. The arbitrator will not have the power to award punitive or exemplary damages.

**Group Executive and Senior Vice President, Human Resources**

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

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

(e) Attorneys' Fees. The prevailing party in any arbitration or dispute, or in any litigation, arising out of or related to Executive's employment by Company or this Agreement, shall be entitled to recover all costs and reasonable attorneys' fees incurred on all levels and in all proceedings, including, but not limited to, arbitration, filing, hearing, processing, and witness fees, and any other costs and fees incurred, in any investigations, arbitrations, trials, bankruptcies, and appeals.

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

10. MISCELLANEOUS. No provision of this Agreement may be modified or waived unless such waiver or modification is agreed to in writing signed by the parties hereto; provided, however, that the terms of the performance bonus and fringe benefits set forth 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/her heirs, executors, administrators and legal representatives. Except as expressly set forth herein, no party shall assign any of his/her or its rights under this Agreement without the prior written consent of the other party and any attempted assignment without such prior written consent shall be null and void and without legal effect. The parties agree that if any provision of this Agreement shall under any circumstances be deemed invalid or inoperative, the Agreement shall be construed with the invalid or inoperative provision deleted and the rights and obligations of the parties shall be construed and enforced accordingly. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute but one and the same instrument. This Agreement has been negotiated and no party shall be considered as being responsible for such drafting for the purpose of applying any rule construing ambiguities against the drafter or otherwise.

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

*SYKES ENTERPRISES, INCORPORATED*

*EXECUTIVE*

By: /S/ John H. Sykes

/S/ Jenna R. Nelson

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John H. Sykes

Address:  
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**Group Executive and Senior Vice President, Human Resources**

**EXHIBIT A TO EMPLOYMENT AGREEMENT**

This Exhibit A is attached to and made a part of that certain Amended and Restated Employment Agreement effective February 18, 2002 (the "Employment Agreement"), entered into by and between Sykes Enterprises, Incorporated (the "Company") and Jenna R. Nelson (the "Executive"), which supercedes and replaces all other Exhibit A's to the Employment Agreement.

Effective Date:	February 18, 2002
Term:	Through March 5, 2004
Base Salary:	\$2,403.85 per week through March 5, 2002 \$2,644.24 per week effective March 6, 2002  0% - 35% of annual base salary
Performance Bonus:	Performance bonus payments will be made in accordance with the Company's standard policy for the payment of performance bonuses.
Fringe Benefits:	Standard executive fringe benefits
Renewal Notice Period	One Hundred Eighty (180) days

**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 18th day of February 2002.

*SYKES ENTERPRISES, INCORPORATED*

*EXECUTIVE*

By: /S/ John H. Sykes  
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/S/ Jenna R. Nelson  
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## EXHIBIT B TO EMPLOYMENT AGREEMENT

### WAIVER AND RELEASE

Employee agrees as follows:

a. Employee agrees to release and forever discharge by this Agreement the Employer from all liabilities, causes of actions, charges, complaints, suits, claims, obligations, costs, losses, damages, injuries, rights, judgments, attorneys' fees, expenses, bonds, bills, penalties, fines, and all other legal responsibilities of any form whatsoever whether known or unknown, whether suspected or unsuspected, whether fixed or contingent, whether in law or in equity, including but not limited to those arising from any acts or omissions occurring prior to the effective date of this Agreement, including those arising by reason of any and all matters from the beginning of time to the present, arising out of his past employment with, compensation during, and separation from Employer. Employee specifically releases claims under all applicable state and federal laws, including but not limited to, Title VII of the Civil Rights Act of 1964 as amended, the Fair Labor Standards Act, the Rehabilitation Act of 1973, the Family Medical Leave Act, the Employee Retirement Income Security Act, the Consolidated Omnibus Reconciliation Act of 1986, the Americans with Disabilities Act, the Florida Civil Rights Act of 1992, the Workers' Compensation Act, the Equal Pay Act, the Age Discrimination in Employment Act of 1967 (Title 29, United States Code, Section 621, et seq.) ("ADEA"), as well as all common law claims, whether arising in tort or contract.

b. In addition to the other provisions in this Agreement, Employee acknowledges that the information in the following paragraphs is included for the express purpose of complying with the Older Workers' Benefits Protection Act, 29 U.S.C. ss.626(f):

i. I, \_\_\_\_\_, was over 40 years of age when I separated my employment and when I signed this Agreement. I realize there are many laws and regulations prohibiting employment discrimination or otherwise regulating employment or claims related to employment pursuant to which I may have rights or claims, including the Age Discrimination in Employment Act of 1967, as amended (the "ADEA"). I hereby waive and release any rights or claims I may have under the ADEA.

ii. By signing this Agreement, I state that I am receiving compensation and benefits to which I was not otherwise entitled. I am waiving and releasing all claims against Employer that I may have based on my age. I am not waiving any claim or action under the ADEA based upon rights or claims that may arise after the date I sign this Agreement.

iii. I am being given continued compensation and benefits in exchange for the release and waiver of all claims that I am agreeing to herein. This continued compensation is in addition to anything of value to which I am already entitled in that I am receiving this continued compensation without having to perform services of an equal value.

Exhibit B to Employment Agreement  
Waiver and Release

Sykes Enterprises, Incorporated

[ILLEGIBLE]

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iv. I was informed in writing that I could consult with an attorney before signing this Agreement. I acknowledge that I was given the opportunity to consider this Agreement for twenty-one (21) days before signing it, and, if I sign it, to revoke it for a period of seven (7) days thereafter. Regardless of when I signed this Agreement, I acknowledge that my seven-day period will not be waived. No payments will be made to me until after the seven-day revocation period expires.

c. Employee shall not disclose, either directly or indirectly, any information whatsoever regarding any of the terms or the existence of this Agreement or of any other claim Employee may have against the Employer, to any person or organization, including but not limited to members of the press and media, present and former employees of the Employer, companies who do business with the Employer, or other members of the public. The only exceptions to Employee's promise of confidentiality herein is that Employee may reveal such terms of this Agreement as are necessary to comply with a request made by the Internal Revenue Service, as otherwise compelled by a court or agency of competent jurisdiction, as allowed and/or required by law, or as necessary to comply with requests from Employee's accountants or attorneys for legitimate business purposes.

d. Employee shall refrain from making any written or oral statement or taking any action, directly or indirectly, which Employee knows or reasonably should know to be disparaging or negative concerning the Employer except as allowed or required by law. Employee also shall refrain from suggesting to anyone that any written or oral statements be made which Employee knows or reasonably should know to be disparaging or negative concerning the Employer, or from urging or influencing any person to make any such statement. This provision shall include, but not be limited to, the requirement that Employee refrain from expressing any disparaging or negative opinions concerning the Employer, Employee's separation from the Employer, any of the Employer's officers, directors, or employees, or any other matters relative to the Employer's reputation as an employer. Employee's promises in this subsection, however, shall not apply to any judicial or administrative proceeding in which Employee is a party or has been subpoenaed to testify under oath by a government agency or by any third party.

e. Beginning on the date of this Agreement and continuing at all times hereafter, Employee and Employer shall, without any additional compensation except as provided herein, provide each other with full cooperation and reasonable assistance in connection with Employer's defense of (i) any litigation against Employer, its officers, its subsidiaries, or its affiliates pending as of the date hereof or (ii) any other litigation against Employer, its officers, its subsidiaries, or its affiliates arising out of or relating to any circumstance, fact, event, or omission alleged to occur while Employee was employed by Employer. Employee shall at all times promptly be reimbursed by Employer for any and all out-of-pocket expenses, including travel expenses, that may be incurred by Employee in providing such cooperation and assistance, and to the extent that Employee provides any such assistance or cooperation after the Post-Employment Period, the Employee also shall be compensated for his time in providing such cooperation and assistance at a rate equivalent to a per diem based upon his base salary as in effect under the Employment Agreement as of the date hereof. Such cooperation and assistance shall include, but not be limited to, access for research, being available for consultation, for deposition and trial testimony, and for availability and execution of discovery-related documents such as interrogatories, affidavits, requests for production, requests for admissions, and responses to each, as deemed necessary. Employee and Employer further agree to provide their good will and good faith in providing honest and forthright cooperation in all other

aspects of their defense of any such litigation.

EFFECTIVE DATE. This Agreement may be revoked by the Employee for a period of seven (7) days following the execution of the Agreement, and the Agreement shall not become effective or enforceable until the revocation period has expired.

IN WITNESS WHEREOF, and intending to be legally bound, the Employer by its authorized representative, and Employee, execute this Employment Waiver and Release, by signing below voluntarily and with full knowledge of the significance of all its provisions.

**PLEASE READ CAREFULLY. THIS EMPLOYMENT WAIVER AND RELEASE INCLUDES A**

**RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.**

Exhibit B to Employment Agreement  
Waiver and Release

Sykes Enterprises, Incorporated

[ILLEGIBLE]

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**AMENDED AND RESTATED  
EMPLOYMENT AGREEMENT**

**SYKES(TM)**

**Real People. Real Solutions.**

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 TERM OR RENEWAL PERIOD AND PROVISIONS OF THIS AGREEMENT ARE NOT FULLY UNDERSTOOD BY YOU.

THIS AGREEMENT is made as of the 18th day of February, 2002, by and between SYKES ENTERPRISES, INCORPORATED, a Florida corporation (the "Company"), and GERRY L. ROGERS (the "Executive").

**W I T N E S S E T H :**

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

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

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

1. **EMPLOYMENT AND DUTIES.** Subject to the terms and conditions of this Agreement, the Company shall employ the Executive during the Term or Renewal Period(s) (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/her best efforts and entire business time, skill, labor, and attention to the performance of such duties. The Executive agrees to promptly provide a description of any other commercial duties or pursuits engaged in by the Executive to the Company's Board of Directors. If the Board of Directors determines in good faith that such activities conflict with the Executive's performance of his/her 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 OR RENEWAL PERIOD.** Subject to the Term or Renewal Period(s) 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 for the term of employment stated in Exhibit A attached hereto and incorporated herein (such Term shall herein be defined as the "Term"). Provided, however, that this Agreement shall renew automatically for successive one (1) year periods ("Renewal Periods") unless either party gives written notice of termination at least that number of

Executive/Term or Renewal Period Sykes Enterprises Inc. [ILLEGIBLE] Revised February 2002 Page Number 1 Initial

days set forth on Exhibit A before the end of the Term or Renewal Period, as applicable (the "Renewal Notice Period"). 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 or Renewal Period 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 or Renewal Period 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 or Renewal Period 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 serviGLR 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 resourGLR in obtaining contracts with its Clients;

(2) The Company expended considerable resourGLR to recruit and hire employees who could perform serviGLR 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 serviGLR 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 serviGLR 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 serviGLR 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

Executive/Term Sykes Enterprises, Incorporated [ILLEGIBLE] Revised February 2002 Page Number 3 Initial

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

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

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

(3) Provide or attempt to provide or solicit the opportunity to provide or advise others of the opportunity to provide any serviGLR of the type Executive performed for the Company or the Company's Clients (regardless of whether and how such serviGLR 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 serviGLR 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 serviGLR in any capacity on behalf of the Company;

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

(5) Engage in any practice, the purpose of which is to evade the provisions of this Agreement or to commit any act which is detrimental to the successful continuation of or which adversely affects the business or the Company; provided, however, that the foregoing shall not preclude the Executive's ownership of not more than 2% of the equity securities of a company whose securities are registered under Section 12 of the Securities Exchange Act of 1934, as amended;

(6) For purpose of these Covenant Not-to-Compete and No Solicitation provisions, Client includes any subsidiaries, affiliates, customers, and clients of the Company's Clients. The Executive agrees that the geographic scope of this Covenant Not-to-Compete shall extend to the geographic area where the Company's Clients conduct business at any time during the Term or Renewal Period(s) 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 serviGLR for the furtherance of such entity's or person's business or any person or entity that within such period of one (1) year the Company has pursued or communicated with for the purpose of obtaining business for the Company.

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

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

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

## 6. TERMINATION

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

(b) Disability. If during the Term or Renewal Period(s) the Executive becomes physically or mentally disabled in accordance with the terms and conditions of any disability insurance policy covering the Executive, or, if due to such physical or mental disability the Executive becomes unable for a period of more than six (6) consecutive months to perform his/her duties hereunder on substantially a full-time basis as determined by the Company in its sole reasonable discretion, the Company may, at its option, terminate the Executive's employment hereunder upon not less than thirty (30) days' written notice.

(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/her duties hereunder or the Executive's refusal to perform his/her 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 designee(s); (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) Payments Upon Termination. 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 an early termination



with a copy to:

Sykes Enterprises, Incorporated  
100 North Tampa Street, Suite 3900  
Tampa, Florida 33602  
Attention: General Counsel

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

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

#### 9. ARBITRATION OF DISPUTES.

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

(b) The Arbitrator. A single arbitrator will conduct the arbitration in Tampa, Florida, U.S.A., in accordance with the Commercial Arbitration Rules of the American Arbitration Association (the "Rules"), and judgment upon the written award rendered by the arbitrator may be entered in any court of competent jurisdiction. Notwithstanding the application of the Rules, however, discovery in the arbitration, including interrogatories, requests for production, requests for admission, and depositions, will be fully available and governed by the Federal Rules of Civil Procedure and Local Rules of the United States District Court for the Middle District of Florida. The parties may agree upon a person to act as sole arbitrator within thirty (30) days after submission of any claim or controversy to arbitration pursuant to this Section. If the parties are unable to agree upon such a person within such time period, an arbitrator shall be selected in accordance with the Rules. The arbitrator will not have the power to award punitive or exemplary damages.

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

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

(e) Attorneys' Fees. The prevailing party in any arbitration or dispute, or in any litigation, arising out of or related to Executive's employment by Company or this Agreement, shall be entitled to recover all costs and reasonable attorneys' fees incurred on all levels and in all proceedings, including, but not limited to, arbitration, filing, hearing, processing, and witness fees, and any other costs and fees incurred, in any investigations, arbitrations, trials, bankruptcies, and appeals.

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

10. MISCELLANEOUS. No provision of this Agreement may be modified or waived unless such waiver or modification is agreed to in writing signed by the parties hereto; provided, however, that the terms of the performance bonus and fringe benefits set forth 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/her heirs, executors, administrators and legal representatives. Except as expressly set forth herein, no party shall assign any of his/her or its rights under this Agreement without the prior written consent of the other party and any attempted assignment without such prior written consent shall be null and void and without legal effect. The parties agree that if any provision of this Agreement shall under any circumstances be deemed invalid or inoperative, the Agreement shall be construed with the invalid or inoperative provision deleted and the rights and obligations of the parties shall be construed and enforced accordingly. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute but one and the same instrument. This Agreement has been negotiated and no party shall be considered as being responsible for such drafting for the purpose of applying any rule construing ambiguities against the drafter or otherwise.

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

*SYKES ENTERPRISES, INCORPORATED*

*EXECUTIVE*

By: */s/ Jenna R. Nelson*

*/s/ Gerry L. Rogers*

*Address:*

Executive/Term  
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**Group Executive and Senior Vice President, Information Technology**

**EXHIBIT A TO EMPLOYMENT AGREEMENT**

This Exhibit A is attached to and made a part of that certain Amended and Restated Employment Agreement effective February 18, 2002 (the "Employment Agreement"), entered into by and between Sykes Enterprises, Incorporated (the "Company") and Gerry L. Rogers (the "Executive"), which supercedes and replaces all other Exhibit A's to the Employment Agreement.

Effective Date:	February 18, 2002
Term:	Through March 5, 2004
Base Salary:	\$3,840.66 per week through March 5, 2002 \$4,182.00 per week effective March 6, 2002
Performance Bonus:	0% - 75% of annual base salary  Performance bonus payments will be made in accordance with the Company's standard policy for the payment of performance bonuses.
Fringe Benefits:	Standard executive fringe benefits
Renewal Notice Period	One Hundred Eighty (180) days

**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 18th day of February 2002.

*SYKES ENTERPRISES, INCORPORATED*

*EXECUTIVE*

By: */s/ Jenna R. Nelson*  
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*/s/ Gerry L. Rogers*  
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**EXHIBIT B TO EMPLOYMENT AGREEMENT**

**WAIVER AND RELEASE**

Employee agrees as follows:

a. Employee agrees to release and forever discharge by this Agreement the Employer from all liabilities, causes of actions, charges, complaints, suits, claims, obligations, costs, losses, damages, injuries, rights, judgments, attorneys' fees, expenses, bonds, bills, penalties, fines, and all other legal responsibilities of any form whatsoever whether known or unknown, whether suspected or unsuspected, whether fixed or contingent, whether in law or in equity, including but not limited to those arising from any acts or omissions occurring prior to the effective date of this Agreement, including those arising by reason of any and all matters from the beginning of time to the present, arising out of his past employment with, compensation during, and separation from Employer. Employee specifically releases claims under all applicable state and federal laws, including but not limited to, Title VII of the Civil Rights Act of 1964 as amended, the Fair Labor Standards Act, the Rehabilitation Act of 1973, the Family Medical Leave Act, the Employee Retirement Income Security Act, the Consolidated Omnibus Reconciliation Act of 1986, the Americans with Disabilities Act, the Florida Civil Rights Act of 1992, the Workers' Compensation Act, the Equal Pay Act, the Age Discrimination in Employment Act of 1967 (Title 29, United States Code, Section 621, et seq.) ("ADEA"), as well as all common law claims, whether arising in tort or contract.

b. In addition to the other provisions in this Agreement, Employee acknowledges that the information in the following paragraphs is included for the express purpose of complying with the Older Workers' Benefits Protection Act, 29 U.S.C. ss.626(f):

i. I, \_\_\_\_\_, was over 40 years of age when I separated my employment and when I signed this Agreement. I realize there are many laws and regulations prohibiting employment discrimination or otherwise regulating employment or claims related to employment pursuant to which I may have rights or claims, including the Age Discrimination in Employment Act of 1967, as amended (the "ADEA"). I hereby waive and release any rights or claims I may have under the ADEA.

ii. By signing this Agreement, I state that I am receiving compensation and benefits to which I was not otherwise entitled. I am waiving and releasing all claims against Employer that I may have based on my age. I am not waiving any claim or action under the ADEA based upon rights or claims that may arise after the date I sign this Agreement.

iii. I am being given continued compensation and benefits in exchange for the release and waiver of all claims that I am agreeing to herein. This continued compensation is in addition to anything of value to which I am already entitled in that I am receiving this continued compensation without having to perform serviGLR of an equal value.

iv. I was informed in writing that I could consult with an attorney before signing this Agreement. I acknowledge that I was given the opportunity to consider this Agreement for twenty-one (21) days before signing it, and, if I sign it, to revoke it for a period of seven (7) days thereafter. Regardless of when I signed this Agreement, I acknowledge that my seven-day period will not be waived. No payments will be made to me until after the seven-day revocation period expires.

c. Employee shall not disclose, either directly or indirectly, any information whatsoever regarding any of the terms or the existence of this Agreement or of any other claim Employee may have against the Employer, to any person or organization, including but not limited to members of the press and media, present and former employees of the Employer, companies who do business with the Employer, or other members of the public. The only exceptions to Employee's promise of confidentiality herein is that Employee may reveal such terms of this Agreement as are necessary to comply with a request made by the Internal Revenue Service, as otherwise compelled by a court or agency of competent jurisdiction, as allowed and/or required by law, or as necessary to comply with requests from Employee's accountants or attorneys for legitimate business purposes.

d. Employee shall refrain from making any written or oral statement or taking any action, directly or indirectly, which Employee knows or reasonably should know to be disparaging or negative concerning the Employer except as allowed or required by law. Employee also shall refrain from suggesting to anyone that any written or oral statements be made which Employee knows or reasonably should know to be disparaging or negative concerning the Employer, or from urging or influencing any person to make any such statement. This provision shall include, but not be limited to, the requirement that Employee refrain from expressing any disparaging or negative opinions concerning the Employer, Employee's separation from the Employer, any of the Employer's officers, directors, or employees, or any other matters relative to the Employer's reputation as an employer. Employee's promises in this subsection, however, shall not apply to any judicial or administrative proceeding in which Employee is a party or has been subpoenaed to testify under oath by a government agency or by any third party.

e. Beginning on the date of this Agreement and continuing at all times hereafter, Employee and Employer shall, without any additional compensation except as provided herein, provide each other with full cooperation and reasonable assistance in connection with Employer's defense of (i) any litigation against Employer, its officers, its subsidiaries, or its affiliates pending as of the date hereof or (ii) any other litigation against Employer, its officers, its subsidiaries, or its affiliates arising out of or relating to any circumstance, fact, event, or omission alleged to occur while Employee was employed by Employer. Employee shall at all times promptly be reimbursed by Employer for any and all out-of-pocket expenses, including travel expenses, that may be incurred by Employee in providing such cooperation and assistance, and to the extent that Employee provides any such assistance or cooperation after the Post-Employment Period, the Employee also shall be compensated for his time in providing such cooperation and assistance at a rate equivalent to a per diem based upon his base salary as in effect under the Employment Agreement as of the date hereof. Such cooperation and assistance shall include, but not be limited to, access for research, being available for consultation, for deposition and trial testimony, and for availability and execution of discovery-related documents such as interrogatories, affidavits, requests for production, requests for admissions, and responses to each, as deemed necessary. Employee and Employer further agree to provide their good will and good faith in providing honest and forthright cooperation in all other

aspects of their defense of any such litigation.

EFFECTIVE DATE. This Agreement may be revoked by the Employee for a period of seven (7) days following the execution of the Agreement, and the Agreement shall not become effective or enforceable until the revocation period has expired.

IN WITNESS WHEREOF, and intending to be legally bound, the Employer by its authorized representative, and Employee, execute this Employment Waiver and Release, by signing below voluntarily and with full knowledge of the significance of all its provisions.

**PLEASE READ CAREFULLY. THIS EMPLOYMENT WAIVER AND RELEASE INCLUDES A**

**RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.**

Exhibit B to Employment Agreement  
Waiver and Release

Sykes Enterprises, Incorporated

[ILLEGIBLE]

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Initial

**EXHIBIT 10.38**

**AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT**

THIS AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT is made as of the 1st day of October, 2001, 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; and

WHEREAS, this Agreement amends and restates that certain Executive Employment Agreement entered into by Executive and the Company effective as of March 6, 2000.

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

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**Company Executive**

serve the Company in two separate capacities: 1) as Chairman of the Board ("Chairman") and 2) as President and 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 President and 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 upon the expiration of the Initial Term, this Agreement shall automatically renew on a year-to-year basis (each year being referred to as a "Successor Term") unless either party delivers written notice of termination to the other party at least 180 days prior to the expiration of the Initial Term or the then-current Successor Term (the Initial Term and all Successor Terms shall be referred to 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) until December 31, 2002, 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 (i) at least thirty percent (30%) on the second (2nd) anniversary of the date hereof (i.e., October 1, 2003) and (ii) at least fifteen percent (15%) on the fourth anniversary of the date hereof and at least fifteen percent (15%) on each bi-annual (i.e., two year) anniversary thereafter. 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. At the end of each fiscal year, the

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**Company Executive**

Board of Directors in its discretion may award to the Executive a bonus based on the Executive's performance during such fiscal year. Stock options may be granted to the Executive from time to time at the sole discretion of the Board of Directors.

(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 which the Company may from time to time make available to its executive officers generally, 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 under this Agreement, 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").

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**Company Executive**

(b) The Executive agrees that the geographic scope of this covenant not to compete shall extend to such 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.

(e) The restrictions set forth in this Section 4 shall terminate upon the date that Executive ceases to be employed by the Company under this Agreement.

## 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 only for Cause, and such a termination shall be 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 at any time and for any reason by delivering written notice of termination to the Company. However, if Executive terminates his employment for Good Reason

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**Company Executive**

(as defined below), such termination shall be deemed to be a termination by the Company without Cause and therefore a breach of this Agreement by the Company. For purposes of this Agreement, the term "Good Reason" shall mean (i) a Change of Control of the Company (as defined in Appendix A hereto), (ii) a good faith determination by the Executive that there has been a breach of this Agreement by the Company, (iii) a material adverse change in the Executive's working conditions or status, (iv) the deletion of, or change in, any of the following three titles of Executive: Chairman of the Board, CEO, or President, (v) a significant relocation of the Executive's principal office, (vi) a significant increase in travel requirements, or (vii) 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. If Executive desires to terminate his employment for Good Reason, he shall deliver 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) 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. Such amounts shall be in addition to any damages, if any, to which Executive may be entitled as a result of such termination.

(ii) Upon the termination of Employee's employment under this Agreement, Executive and his spouse shall, during the Executive's lifetime and if Executive is married at his time of death, for his then spouse during her lifetime, have the right to continue to participate in all employee benefit plans and programs (including health and life insurance plans) 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. However, such participation shall be at the sole expense of Executive and/or his spouse.

(iii) For the rest of Executive's lifetime, the Company shall, if the Company determines that such resources are reasonably available under the circumstances existing at the time of the termination of the Executive's employment, provide an office and a secretary to the Executive in the Company's principal executive offices.

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**Company Executive**

## 6. SUCCESSORS.

(a) If the Company sells, assigns or transfers all or substantially all of its business and assets to any Person (as defined in Appendix A hereto) 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 6 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 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.

7. 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.

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

9. 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

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**Company Executive**

nationally recognized tax counsel if any question as to the amount or requirement of any such withholding shall arise.

10. 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:**

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**Company Executive**

If to the Company:

Sykes Enterprises, Incorporated

100 North Tampa Street  
Suite 3900  
Tampa, Florida 33602  
Attn: Chairperson - Compensation Committee of the Board of Directors

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.

11. **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.

12. **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.

13. **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.

14. **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 14(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

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**Company Executive**

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.

15. **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.

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

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**Company Executive**

## 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.

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**Company Executive**

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

**SYKES ENTERPRISES, INCORPORATED**

Dated: \_\_\_\_\_ By: /S/ Ernest J. Milani  
Ernest J. Milani,  
Chairman - Compensation Committee

**EXECUTIVE**

Dated: \_\_\_\_\_ /S/ John H. Sykes  
John H. Sykes, individually

**EXHIBIT 10.39**

**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 TERM OR RENEWAL PERIOD AND PROVISIONS OF THIS AGREEMENT ARE NOT FULLY UNDERSTOOD BY YOU.

THIS AGREEMENT is made as of the 1st day of October, 2001, by and between SYKES ENTERPRISES, INCORPORATED, a Florida corporation (the "Company"), and JAMES T. HOLDER (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 or Renewal Period(s) (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/her best efforts and entire business time, skill, labor, and attention to the performance of such duties. The Executive agrees to promptly provide a description of any other commercial duties or pursuits engaged in by the Executive to the Company's Board of Directors. If the Board of Directors determines in good faith that such activities conflict with the Executive's performance of his/her 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 OR RENEWAL PERIOD.** Subject to the Term or Renewal Period(s) 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 for the term of employment stated in Exhibit A attached hereto and incorporated herein (such Term shall herein be defined as the "Term"). Provided, however, that this Agreement shall renew automatically for successive one (1) year periods ("Renewal Periods") unless either party gives written notice of termination at least that number of days set forth on Exhibit A before the end of the Term or Renewal Period, as applicable (the "Renewal Notice

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

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

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

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

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

(5) Engage in any practice, the purpose of which is to evade the provisions of this Agreement or to commit any act which is detrimental to the successful continuation of or which adversely affects the business or the Company; provided, however, that the foregoing shall not preclude the Executive's ownership of not more than 2% of the equity securities of a company whose securities are registered under Section 12 of the Securities Exchange Act of 1934, as amended;

(6) For purpose of these Covenant Not-to-Compete and No Solicitation provisions, Client includes any subsidiaries, affiliates, customers, and clients of the Company's Clients. The Executive agrees that the geographic scope of this Covenant Not-to-Compete shall extend to the geographic area where the Company's Clients conduct business at any time during the Term or Renewal Period(s) of this Agreement. For purposes of this Agreement, "Clients" means any person or entity to which the Company provides or has provided within a period of one (1)

year

prior to the Executive's termination of employment, labor, materials or services for the furtherance of such entity's or person's business or any person or entity that within such period of one (1) year the Company has pursued or communicated with for the purpose of obtaining business for the Company.

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

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

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

## 6. TERMINATION

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

(b) Disability. If during the Term or Renewal Period(s) the Executive becomes physically or mentally disabled in accordance with the terms and conditions of any disability insurance policy covering the Executive, or, if due to such physical or mental disability the Executive becomes unable for a period of more than six (6) consecutive months to perform his/her duties hereunder on substantially a full-time basis as determined by the Company in its sole reasonable discretion, the Company may, at its option, terminate the Executive's employment hereunder upon not less than thirty (30) days' written notice.

(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/her duties hereunder or the Executive's refusal to perform his/her 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 designee(s); (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) Payments Upon Termination. 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 an early termination by the Company of the Executive's employment with the Company for any reason other than pursuant to Sections

6(a) (b) and (c), the Company shall pay the Executive an amount equal to the Liquidated Damages defined in (e) below (in lieu of actual damages) for the early termination of his/her employment. In the event of a termination of the Executive's employment for any reason other than pursuant to Section 6(a) (b) and (c), the Covenant Not-to-Compete set forth in Section 5 hereof shall remain in full force and effect for the period set forth in (e) below. If the Company terminates the Executive's employment pursuant to Section 6(a) (b) and (c) or the Executive terminates such employment, the Executive shall not be entitled to any Liquidated Damages and the Covenant Not-to-Compete set forth in Section 5 hereof shall remain in full force and effect as set forth in (e) below. Notwithstanding anything to the contrary herein contained, and in addition to any other compensation to which the Executive may be entitled to receive pursuant to this Agreement, the Executive shall receive all compensation and other benefits to which he or she was entitled under this Agreement or otherwise as an executive of the Company through the termination date. Executive shall not be entitled to any Liquidated Damages in the event the Company does not terminate this Agreement but elects not to renew this Agreement as permitted by Section 2 hereof.

(e) Liquidated Damages and Non-Competition/Solicitation. The Liquidated Damages ("Liquidated Damages") amount, if due as provided above, shall be equal to the weekly amount stated as Base Salary on Exhibit A, through the end of the Term or Renewal Period of the Agreement or for fifty two (52) weeks, whichever is greater. The provisions of Section 5 (the "Non-Competition/Solicitation Provisions") shall survive the early termination of this Agreement, by either party, and for any reason, through the end of the Term or Renewal Period of the Agreement or for fifty two (52) weeks, whichever is greater. Provided, however, the Company may elect, in its sole discretion, to release the Executive from all or any portion of the term of the Covenant Not-to-Compete set forth in Section 5 hereof. In the event the Company elects to release the Executive from such covenants, the amount of Liquidated Damages payable hereunder, if any, shall be reduced by an amount equal to the weekly amount stated as Base Salary on Exhibit A, times the number of weeks the Company has elected to release the Executive from such covenants. Provided however, notwithstanding anything herein to the contrary, the amount of Liquidated Damages shall not be less than the weekly amount stated as Base Salary on Exhibit A, times the number of weeks remaining between the early termination date and the end of the Term or Renewal Period. The amount of Liquidated Damages shall be paid biweekly in equal installments over such period. Notwithstanding anything here to the contrary, the Non-Solicitation restrictions set forth in Section 5(c)(4) shall survive the termination of this Agreement and remain in effect for the greater of fifty two (52) full weeks following termination or the full stated Term or Renewal Period of this Agreement.

(f) Condition Precedent to Receipt of Liquidated Damages. Executive expressly agrees that in the event of a termination of this Agreement prior to the expiration of the Term or Renewal Period, Executive will execute an agreement containing the waiver and release provisions set forth on Exhibit "B." Executive agrees and acknowledges that the execution of such an agreement upon termination prior to the expiration of the Term or Renewal Period, is a condition precedent to the obligation of the Company to pay any Liquidated Damages hereunder. The provisions set forth in Exhibit "B" provide for the release and waiver of important rights and/or claims that Executive might have against the Company at the time of any early termination of this Agreement. Executive hereby represents and warrants that he /she has read the attached Exhibit "B" and fully and completely understands the provisions thereof.

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: Group Executive and Sr. VP  
Human Resources

with a copy to:

Sykes Enterprises, Incorporated  
100 North Tampa Street, Suite 3900  
Tampa, Florida 33602  
Attention: General Counsel

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

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

#### 9. ARBITRATION OF DISPUTES.

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

(b) The Arbitrator. A single arbitrator will conduct the arbitration in Tampa, Florida, U.S.A., in accordance with the Commercial Arbitration Rules of the American Arbitration Association (the "Rules"), and judgment upon the written award rendered by the arbitrator may be entered in any court of competent jurisdiction. Notwithstanding the application of the Rules, however, discovery in the arbitration, including interrogatories, requests for production, requests for admission, and depositions, will be fully available and governed by the Federal Rules of Civil Procedure and Local Rules of the United States District Court for the Middle District of Florida. The parties may agree upon a person to act as sole arbitrator within thirty (30) days after submission of any claim or controversy to arbitration pursuant to this Section. If the parties are unable to agree upon such a person within such time period, an arbitrator shall be selected in accordance with the Rules. The arbitrator will not have the power to award punitive or exemplary damages.

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

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

(e) Attorneys' Fees. The prevailing party in any arbitration or dispute, or in any litigation, arising out of or related to Executive's employment by Company or this Agreement, shall be entitled to recover all costs and reasonable attorneys' fees incurred on all levels and in all proceedings, including, but not limited to, arbitration, filing, hearing, processing, and witness fees, and any other costs and fees incurred, in any investigations, arbitrations, trials, bankruptcies, and appeals.

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

10. MISCELLANEOUS. No provision of this Agreement may be modified or waived unless such waiver or modification is agreed to in writing signed by the parties hereto; provided, however, that the terms of the performance bonus and fringe benefits set forth 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/her heirs, executors, administrators and legal representatives. Except as expressly set forth herein, no party shall assign any of his/her or its rights under this Agreement without the prior written consent of the other party and any attempted assignment without such prior written consent shall be null and void and without legal effect. The parties agree that if any provision of this Agreement shall under any circumstances be deemed invalid or inoperative, the Agreement shall be construed with the invalid or inoperative provision deleted and the rights and obligations of the parties shall be construed and enforced accordingly. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute but one and the same instrument. This Agreement has been negotiated and no party shall be considered as being responsible for such drafting for the purpose of applying any rule construing ambiguities against the drafter or otherwise.

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

*SYKES ENTERPRISES, INCORPORATED*

*EXECUTIVE*

By: */S/ Jenna R. Nelson*

*/S/ James T. Holder*

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*Jenna R. Nelson*

-----  
*James T. Holder*  
*Address:*

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**EXHIBIT A TO EMPLOYMENT AGREEMENT**

This Exhibit A is attached to and made a part of that certain Employment Agreement effective enter date (the "Employment Agreement"), entered into by and between Sykes Enterprise, Incorporated (the "Company") and enter name (the "Executive"), which supercedes and replaces all other Exhibit A's to the Employment Agreement.

Effective Date: October 1, 2001

Term: Through September 30, 2003

Base Salary: \$3,373.02 per week effective July 2, 2001  
\$3,653.85 per week effective March 6, 2002

Performance Bonus: 0% - 25% of annual base salary

Performance bonus payments will be made in accordance with the Company's standard policy for the payment of performance bonuses.

Fringe Benefits: Standard executive fringe benefits

Renewal Notice Period One Hundred Eighty (180) days

Stock Options: 15,000 incentive options under the 2001 Equity Incentive Plan

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 1st day of October ,2001.

*SYKES ENTERPRISES, INCORPORATED*

*EXECUTIVE*

*/S/ Jenna R. Nelson*

*/S/ James T. Holder*

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*Jenna R. Nelson*

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*James T. Holder*

## EXHIBIT B TO EMPLOYMENT AGREEMENT

### WAIVER AND RELEASE

Employee agrees as follows:

a. Employee agrees to release and forever discharge by this Agreement the Employer from all liabilities, causes of actions, charges, complaints, suits, claims, obligations, costs, losses, damages, injuries, rights, judgments, attorneys' fees, expenses, bonds, bills, penalties, fines, and all other legal responsibilities of any form whatsoever whether known or unknown, whether suspected or unsuspected, whether fixed or contingent, whether in law or in equity, including but not limited to those arising from any acts or omissions occurring prior to the effective date of this Agreement, including those arising by reason of any and all matters from the beginning of time to the present, arising out of his past employment with, compensation during, and separation from Employer. Employee specifically releases claims under all applicable state and federal laws, including but not limited to, Title VII of the Civil Rights Act of 1964 as amended, the Fair Labor Standards Act, the Rehabilitation Act of 1973, the Family Medical Leave Act, the Employee Retirement Income Security Act, the Consolidated Omnibus Reconciliation Act of 1986, the Americans with Disabilities Act, the Florida Civil Rights Act of 1992, the Workers' Compensation Act, the Equal Pay Act, the Age Discrimination in Employment Act of 1967 (Title 29, United States Code, Section 621, et seq.) ("ADEA"), as well as all common law claims, whether arising in tort or contract.

b. In addition to the other provisions in this Agreement, Employee acknowledges that the information in the following paragraphs is included for the express purpose of complying with the Older Workers' Benefits Protection Act, 29 U.S.C.ss.626(f):

i. I, \_\_\_\_\_, was over 40 years of age when I separated my employment and when I signed this Agreement. I realize there are many laws and regulations prohibiting employment discrimination or otherwise regulating employment or claims related to employment pursuant to which I may have rights or claims, including the Age Discrimination in Employment Act of 1967, as amended (the "ADEA"). I hereby waive and release any rights or claims I may have under the ADEA.

ii. By signing this Agreement, I state that I am receiving compensation and benefits to which I was not otherwise entitled. I am waiving and releasing all claims against Employer that I may have based on my age. I am not waiving any claim or action under the ADEA based upon rights or claims that may arise after the date I sign this Agreement.

iii. I am being given continued compensation and benefits in exchange for the release and waiver of all claims that I am agreeing to herein. This continued compensation is in addition to anything of value to which I am already entitled in that I am receiving this continued compensation without having to perform services of an equal value.

iv. I was informed in writing that I could consult with an attorney before signing this Agreement. I acknowledge that I was given the opportunity to consider this Agreement for twenty-one (21) days before signing it, and, if I sign it, to revoke it for a period of seven (7) days thereafter. Regardless of when I signed this Agreement, I acknowledge that my seven-day period will not be waived. No payments will be made to me until after the seven-day revocation period expires.

c. Employee shall not disclose, either directly or indirectly, any information whatsoever regarding any of the terms or the existence of this Agreement or of any other claim Employee may have against the Employer, to any person or organization, including but not limited to members of the press and media, present and former employees of the Employer, companies who do business with the Employer, or other members of the public. The only exceptions to Employee's promise of confidentiality herein is that Employee may reveal such terms of this Agreement as are necessary to comply with a request made by the Internal Revenue Service, as otherwise compelled by a court or agency of competent jurisdiction, as allowed and/or required by law, or as necessary to comply with requests from Employee's accountants or attorneys for legitimate business purposes.

d. Employee shall refrain from making any written or oral statement or taking any action, directly or indirectly, which Employee knows or reasonably should know to be disparaging or negative concerning the Employer except as allowed or required by law. Employee also shall refrain from suggesting to anyone that any written or oral statements be made which Employee knows or reasonably should know to be disparaging or negative concerning the Employer, or from urging or influencing any person to make any such statement. This provision shall include, but not be limited to, the requirement that Employee refrain from expressing any disparaging or negative opinions concerning the Employer, Employee's separation from the Employer, any of the Employer's officers, directors, or employees, or any other matters relative to the Employer's reputation as an employer. Employee's promises in this subsection, however, shall not apply to any judicial or administrative proceeding in which Employee is a party or has been subpoenaed to testify under oath by a government agency or by any third party.

e. Beginning on the date of this Agreement and continuing at all times hereafter, Employee and Employer shall, without any additional compensation except as provided herein, provide each other with full cooperation and reasonable assistance in connection with Employer's defense of

(i) any litigation against Employer, its officers, its subsidiaries, or its affiliates pending as of the date hereof or (ii) any other litigation against Employer, its officers, its subsidiaries, or its affiliates arising out of or relating to any circumstance, fact, event, or omission alleged to occur while Employee was employed by Employer. Employee shall at all times promptly be reimbursed by Employer for any and all out-of-pocket expenses, including travel expenses, that may be incurred by Employee in providing such cooperation and assistance, and to the extent that Employee provides any such assistance or cooperation after the Post-Employment Period, the Employee also shall be compensated for his time in providing such cooperation and assistance at a rate equivalent to a per diem based upon his base salary as in

effect under the Employment Agreement as of the date hereof. Such cooperation and assistance shall include, but not be limited to, access for research, being available for consultation, for deposition and trial testimony, and for availability and execution of discovery-related documents such as interrogatories, affidavits, requests for production, requests for admissions, and responses to each, as deemed necessary. Employee and Employer further agree to provide their good will and good faith in providing honest and forthright cooperation in all other aspects of their defense of any such litigation.

EFFECTIVE DATE. This Agreement may be revoked by the Employee for a period of seven (7) days following the execution of the Agreement, and the Agreement shall not become effective or enforceable until the revocation period has expired.

IN WITNESS WHEREOF, and intending to be legally bound, the Employer by its authorized representative, and Employee, execute this Employment Waiver and Release, by signing below voluntarily and with full knowledge of the significance of all its provisions.

**PLEASE READ CAREFULLY. THIS EMPLOYMENT WAIVER AND RELEASE INCLUDES A  
RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.**

**EXHIBIT 10.40**

**SYKES ENTERPRISES, INCORPORATED  
STOCK OPTION AGREEMENT  
FOR 2001 EQUITY INCENTIVE PLAN**

This Stock Option Agreement ("Option Agreement") is entered into as of the 1st day of October, 2001 by and between Sykes Enterprises, Incorporated, a Florida corporation (the "Corporation"), and James T. Holder, an employee of the Corporation or one of its subsidiaries (the "Optionee").

WHEREAS, the board of directors of the Corporation (the "Board") has duly adopted the 2001 Equity Incentive Plan (the "Plan"), which authorizes the Corporation to grant to eligible individuals options for the purchase of shares of voting common stock, par value \$.01 per share, of the Corporation (the "Stock"); and

WHEREAS, the Corporation has determined that it is desirable and in its best interests to grant to the Optionee, pursuant to the Plan, an option to purchase a certain number of shares of Stock in order to provide the Optionee with an incentive to advance the interests of the Corporation and its subsidiaries, all according to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties hereto, intending to be legally bound hereby, agree as follows:

1. **GRANT OF OPTION.** Subject to the terms of the Plan (attached hereto as Exhibit A, the terms of which are incorporated herein by this reference), the Corporation hereby grants to the Optionee the right and option (the "Option") to purchase from the Corporation, on the terms and subject to the conditions set forth herein and in the Plan, 15,000 shares of Stock. The Option shall constitute an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), to the fullest extent permissible thereunder, taking into account such Option and any other incentive stock options issued to the Optionee 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, in the order in which the Option issued hereunder and any such other incentive stock options were granted. Any portion of the Option issued hereunder which is not treated as an incentive stock option shall be treated as a nonqualified stock option. The date of grant of the Option is October 1, 2001 (the "Grant Date"), the date on which the grant of the Option was approved in accordance with the terms and conditions of the Plan.

2. **PRICE.** The purchase price (the "Exercise Price") for the shares of Stock subject to the Option granted by this Option Agreement is \$5.786 per share, which may not be less than one hundred percent (100%) (or, in the case of a Ten Percent Stockholder, one hundred and ten percent (110%)) of the Fair Market Value of the Stock on the date of grant, unless otherwise determined by the Administrator of the Plan.

3. EXERCISE OF OPTION. Except as otherwise provided herein and in the Plan, the Option granted pursuant to this Option Agreement shall be subject to exercise as follows:

3(a). TIME OF EXERCISE OF OPTION. The Optionee may exercise the Option (subject to the limitations on exercise set forth in Section 3(d) hereof), in whole or in part, as follows: (i) the Option may not be exercised to any extent prior to one year following the Grant Date; and (ii) the Option may be exercised to the extent of 25% of the shares of Stock specified in Section 1 hereof after one year following the Grant Date and may be exercised to the extent of 25% of the shares of Stock specified in Section 1 hereof after each of the second, third, and fourth years following the Grant Date.

3(b). RETIREMENT, DEATH OR DISABILITY. If the Optionee: (i) dies while employed by the Corporation or a Subsidiary or within the period when an Option could have otherwise been exercised by the Optionee; (ii) terminates employment with the Corporation or a Subsidiary by reason of the "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code) of the Optionee; or (iii) terminates employment with the Corporation or a Subsidiary as a result of the Optionee's retirement, provided that the Corporation or such Subsidiary has consented in writing to the Optionee's retirement, then, in each such case, the Optionee, or the duly authorized representatives of the Optionee, 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 Section 3(d) below, to exercise any Option to the extent such Option was exercisable by the Optionee immediately prior to the Optionee's death, disability or retirement. In the discretion of the Administrator of the Plan, the three-month period referenced in the immediately preceding sentence may be extended for a period of up to one year. For the purposes of this Option Agreement, the terms "Subsidiary" and "Administrator" shall have the respective meanings set forth in the Plan.

3(c). TERMINATION OF EMPLOYMENT. During the life of the Optionee, an Option shall be exercisable only by the Optionee and only within three (3) months after the termination of the Optionee's employment with the Corporation or a Subsidiary, other than by reason of the Optionee's death, permanent disability or retirement with the consent of the Corporation or a Subsidiary as provided in Section 3(b) above, but only if and to the extent the Option was exercisable immediately prior to such termination, and subject to the provisions of Section 3(d) below. Notwithstanding the foregoing, if the Optionee's employment is terminated for cause, or the Optionee terminates his own employment with the Corporation, 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 Corporation 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 Corporation, (ii) the material negligence of, or failure to perform, the Optionee's duties to the Corporation 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 Corporation.

3(d). LIMITATIONS ON EXERCISE OF OPTION. If the Optionee owned capital stock of the Corporation possessing more than 10% of the total combined voting power or value of all classes of capital stock of the Corporation as of the Grant Date (a "Ten Percent Stockholder"), then in no event may the Option be exercised, in whole or in part, after five (5) years following the Grant Date. If the Optionee is not a Ten Percent Stockholder, then in no event may the Option be exercised, in whole or in part, after ten (10) years following the Grant Date. In no event may the Option be exercised for a fractional share.

3(e). ASSIGNMENT OF OPTION. Options shall not be assignable or transferable by the Optionee other than by will or by the laws of descent and distribution. 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 Corporation.

4. METHOD OF EXERCISE OF OPTION. Any payment for shares of Stock purchased upon exercise of an Option granted hereunder shall be made in cash. Notwithstanding the foregoing, if permitted by the Administrator, the payment may be made by delivery of shares of Stock beneficially owned by the Optionee, or attestation by the Optionee to the ownership of a sufficient number of shares of Stock, or by a combination of cash and Stock, at the election of the Optionee with the consent of the Administrator; provided, however, that any shares of Stock so delivered or attested shall have been beneficially owned by the Optionee for a period of not less than six (6) months prior to the date of exercise. Any such shares of Stock so delivered or attested shall be valued at their Fair Market Value (as defined in the Plan) on the date of such exercise. The Administrator shall determine whether and if so the extent to which actual delivery of share certificates to the Corporation shall be required. The Administrator also may authorize payment in accordance with a cashless exercise program under which, if so instructed by the Optionee, Stock may be issued directly to the Optionee's broker upon receipt of the Option purchase price in cash directly to the broker.

5. EFFECT OF CHANGES IN CAPITALIZATION. Section 10 of the Plan shall apply to the Option.

6. WITHHOLDING OF TAXES. The parties hereto recognize that the Corporation or any subsidiary thereof may be obligated to withhold federal and local income taxes and Social Security taxes to the extent that the Optionee realizes ordinary income in connection with the exercise of the Option or in connection with certain dispositions of any shares of Stock acquired by exercise of the Option. The Optionee agrees that the Corporation or any subsidiary thereof may withhold amounts needed to cover such taxes from payments otherwise due and owing to the Optionee, and also agrees that upon demand the Optionee will promptly pay to the Corporation or any subsidiary thereof having such obligation any additional amounts as may be necessary to satisfy such withholding tax obligation. Such payment shall be made in cash or by certified check payable to the order of the Corporation or a subsidiary thereof. With the prior approval of the Corporation, however, which may be withheld by the Corporation in its

sole discretion, the Optionee may elect to satisfy such obligations, in whole or in part, (a) by causing the Corporation to withhold shares of Stock otherwise issuable pursuant to the exercise of the Option or (b) by delivering to the Corporation shares of Stock already owned by the Optionee. The shares so delivered or withheld shall have a fair market value equal to such withholding obligations. The fair market value of the shares used to satisfy such withholding obligation shall be determined by the Corporation in accordance with the Plan as of the date that the amount of tax to be withheld is to be determined.

7. DELIVERY OF SHARES. Shares of Stock purchased by the Optionee upon the partial or complete exercise of the Option shall be delivered to the Optionee upon notice of issuance given by the Corporation to its transfer agent.

8. INTERPRETATION OF THIS OPTION AGREEMENT. In the event that there is any inconsistency between the provisions of this Option Agreement and of the Plan, the provisions of the Plan shall govern.

9. GOVERNING LAW. This Option Agreement is executed pursuant to and shall be governed by the internal laws of the State of Florida without reference to the conflict of law principles thereof.

10. NOTICE. Any notice hereunder by the Optionee to the Corporation shall be in writing and shall be deemed duly given: (i) when mailed or delivered to the Corporation at its principal office, addressed to the attention of the Board, or if so mailed or delivered to such other address as the Corporation may hereafter designate by notice to the Optionee; or (ii) when sent by facsimile, telecopy, telex or other form of written electronic transmission, upon confirmation of receipt thereof by the Corporation. Any notice or delivery hereunder by the Corporation or its transfer agent to the Optionee shall be in writing and shall be deemed duly given: (i) when mailed or delivered to the Optionee at the address specified below by the Optionee for such purpose, or if so mailed or delivered to such other address as the Optionee may hereafter designate by written notice given to the Corporation; or (ii) when sent by facsimile, telecopy, telex or other form of written electronic transmission, upon confirmation of receipt thereof by the Optionee.

11. ENTIRE AGREEMENT. This Option Agreement (including Exhibit A hereto) constitutes the entire agreement and supersedes all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. Neither this Option Agreement nor any term hereof may be amended, waived, discharged or terminated except by a written instrument signed by the Corporation and the Optionee; provided, however, that the Corporation unilaterally may waive any provision hereof in writing to the extent that such waiver does not adversely affect the interests of the Optionee hereunder or otherwise cause the Option granted hereunder not to qualify as an "incentive stock option" within the meaning of Section 422 of the Code (if applicable), but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

12. SUCCESSORS AND ASSIGNS. This Option Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors, personal representatives and permitted assigns of the parties hereto.

13. COUNTERPARTS. This Option Agreement may be executed in one or more counterparts, each of which shall constitute an original, but all of which together shall be one and the same instrument.

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

15. TAX CONSEQUENCES. The Optionee should consult his or her tax advisor regarding the tax consequences relating to the Option, including the exercise of the Option and the sale of the stock purchased upon such exercise, and the Corporation makes no representations regarding such tax consequences nor the ability for the Option or any part thereof to constitute an incentive stock option within the meaning of Section 422 of the Code.

IN WITNESS WHEREOF, the parties hereto have duly executed this Stock Option Agreement, or caused this Stock Option Agreement to be duly executed on their behalf, as of the day and year first above written.

**SYKES ENTERPRISES, INCORPORATED**

By: /S/ Jenna R. Nelson

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Name: Jenna R. Nelson

Title: Senior Vice President, Human Resources

**OPTIONEE:**

/S/ James T. Holder

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James T. Holder

**ADDRESS FOR NOTICE TO OPTIONEE:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT 10.41**

**SYKES ENTERPRISES, INCORPORATED  
STOCK OPTION AGREEMENT  
FOR 2001 EQUITY INCENTIVE PLAN**

(PERFORMANCE-ACCELERATED OPTION)

This Stock Option Agreement ("Option Agreement") is entered into as of the 1st day of October, 2001 by and between Sykes Enterprises, Incorporated, a Florida corporation (the "Corporation"), and W. MICHAEL KIPPHUT, an employee of the Corporation or one of its subsidiaries (the "Optionee").

WHEREAS, the board of directors of the Corporation (the "Board") has duly adopted the 2001 Equity Incentive Plan (the "Plan"), which authorizes the Corporation to grant to eligible individuals options for the purchase of shares of voting common stock, par value \$.01 per share, of the Corporation (the "Stock"); and

WHEREAS, the Corporation has determined that it is desirable and in its best interests to grant to the Optionee, pursuant to the Plan, an option to purchase a certain number of shares of Stock in order to provide the Optionee with an incentive to advance the interests of the Corporation and its subsidiaries, all according to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties hereto, intending to be legally bound hereby, agree as follows:

1. **GRANT OF OPTION.** Subject to the terms of the Plan (attached hereto as Exhibit A, the terms of which are incorporated herein by this reference), the Corporation hereby grants to the Optionee the right and option (the "Option") to purchase from the Corporation, on the terms and subject to the conditions set forth herein and in the Plan, 125,000 shares of Stock. The Option shall constitute an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), to the fullest extent permissible thereunder, taking into account such Option and any other incentive stock options issued to the Optionee 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, in the order in which the Option issued hereunder and any such other incentive stock options were granted. Any portion of the Option issued hereunder which is not treated as an incentive stock option shall be treated as a nonqualified stock option. The date of grant of the Option is OCTOBER 1, 2001 (the "Grant Date"), the date on which the grant of the Option was approved in accordance with the terms and conditions of the Plan.

2. **PRICE.** The purchase price (the "Option Price") for the shares of Stock subject to the

Option granted by this Option Agreement is \$5.79 per share.

3. EXERCISE OF OPTION. Except as otherwise provided herein and in the Plan, the Option granted pursuant to this Option Agreement shall be subject to exercise as follows:

3(a). TIME OF EXERCISE OF OPTION. Subject to the limitation on exercise set forth in Section 3(d) hereof, the Option shall vest and first become exercisable by the Optionee on the fourth (4th) anniversary of the Grant Date, provided that Optionee is then still employed on a full-time basis by the Corporation or a Subsidiary. Notwithstanding the foregoing, the date upon which the Option, or part thereof, will vest and first become exercisable will be accelerated to the date or dates (each an "Accelerated Vesting Date") upon which the performance objectives set forth on Exhibit B hereto (the "Performance Objectives") are attained, but only if Optionee was employed with the Corporation or a Subsidiary on a continuous, uninterrupted, and full-time basis from the Grant Date up through and including the Accelerated Vesting Date. The determination of whether the Optionee and/or Corporation have attained all of the Performance Objectives, and the date on which the Accelerated Vesting Date (if any) will occur, shall be made by the Administrator in its sole and absolute discretion, and the Administrator's determination will be final and conclusive and binding on the Optionee.

3(b). RETIREMENT, DEATH OR DISABILITY. If an Optionee: (i) dies while employed by the Corporation or a Subsidiary or within the period when an Option could have otherwise been exercised by the Optionee; (ii) terminates employment with the Corporation or a Subsidiary by reason of the "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code) of such Optionee; or (iii) terminates employment with the Corporation or a Subsidiary as a result of such Optionee's retirement, provided that the Corporation or such Subsidiary has consented in writing to such Optionee's retirement, then, in each such case, the unvested portion of the Option shall immediately terminate and such Optionee, or the duly authorized representatives of such Optionee, 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 Section 3(d) below, 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 Administrator of the Plan, the three-month period referenced in the immediately preceding sentence may be extended for a period of up to one year. For the purposes of this Option Agreement, the terms "Subsidiary" and "Administrator" shall have the respective meanings set forth in the Plan.

3(c). TERMINATION OF EMPLOYMENT. During the life of an Optionee, an Option shall be exercisable only by such Optionee and only within one (1) month after the termination of the Optionee's employment with the Corporation or a Subsidiary, other than by reason of the Optionee's death, permanent disability or retirement with the consent of the Corporation or a Subsidiary as provided in Section 3(b) above, but only if and to the extent the Option was exercisable immediately prior to such termination, and subject to the provisions of Section 3(d) below. Notwithstanding the foregoing, if the Optionee's employment is terminated for cause, or the Optionee terminates his own employment with the Corporation, 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 Corporation 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 Corporation, (ii) the material negligence of, or failure to perform, the Optionee's duties to the Corporation 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 Corporation.

3(d). **LIMITATIONS ON EXERCISE OF OPTION.** If the Optionee owned capital stock of the Corporation possessing more than 10% of the total combined voting power or value of all classes of capital stock of the Corporation as of the Grant Date (a "10% Shareholder"), then in no event may the Option be exercised, in whole or in part, after five (5) years following the Grant Date. If the Optionee is not a 10% Shareholder, then in no event may the Option be exercised, in whole or in part, after ten (10) years following the Grant Date. In no event may the Option be exercised for a fractional share.

3(e). **ASSIGNMENT OF OPTION.** Options shall not be assignable or transferable by the Optionee other than by will or by the laws of descent and distribution. 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 Corporation.

4. **METHOD OF EXERCISE OF OPTION.** Any payment for shares of Stock purchased upon exercise of an Option granted hereunder shall be made in cash. Notwithstanding the foregoing, if permitted by the Administrator, the payment may be made by delivery of shares of Stock beneficially owned by the Optionee, or attestation by the Optionee to the ownership of a sufficient number of shares of Stock, or by a combination of cash and Stock, at the election of the Optionee with the consent of the Administrator; provided, however, that any shares of Stock so delivered or attested shall have been beneficially owned by the Optionee for a period of not less than six (6) months prior to the date of exercise. Any such shares of Stock so delivered or attested shall be valued at their Fair Market Value (as defined in the Plan) on the date of such exercise. The Administrator shall determine whether and if so the extent to which actual delivery of share certificates to the Corporation shall be required. The Administrator also may authorize payment in accordance with a cashless exercise program under which, if so instructed by the Optionee, Stock may be issued directly to the Optionee's broker upon receipt of the Option purchase price in cash directly to the broker.

5. **EFFECT OF CHANGES IN CAPITALIZATION.** Section 10 of the Plan shall apply to the Option.

6. **WITHHOLDING OF TAXES.** The parties hereto recognize that the Corporation or any subsidiary thereof may be obligated to withhold federal and local income taxes and Social Security taxes to the extent that the Optionee realizes ordinary income in connection with the exercise of the Option or in connection with certain dispositions of any shares of Stock acquired by exercise of the Option. The Optionee agrees that the Corporation or any subsidiary thereof may withhold amounts needed to cover

such taxes from payments otherwise due and owing to the Optionee, and also agrees that upon demand the Optionee will promptly pay to the Corporation or any subsidiary thereof having such obligation any additional amounts as may be necessary to satisfy such withholding tax obligation. Such payment shall be made in cash or by certified check payable to the order of the Corporation or a subsidiary thereof. With the prior approval of the Corporation, however, which may be withheld by the Corporation in its sole discretion, the Optionee may elect to satisfy such obligations, in whole or in part, (a) by causing the Corporation to withhold shares of Stock otherwise issuable pursuant to the exercise of the Option or (b) by delivering to the Corporation shares of Stock already owned by the Optionee. The shares so delivered or withheld shall have a fair market value equal to such withholding obligations. The fair market value of the shares used to satisfy such withholding obligation shall be determined by the Corporation in accordance with the Plan as of the date that the amount of tax to be withheld is to be determined.

7. DELIVERY OF SHARES. Shares of Stock purchased by the Optionee upon the partial or complete exercise of the Option shall be delivered to the Optionee upon notice of issuance given by the Corporation to its transfer agent.

8. INTERPRETATION OF THIS OPTION AGREEMENT. In the event that there is any inconsistency between the provisions of this Option Agreement and of the Plan, the provisions of the Plan shall govern.

9. GOVERNING LAW. This Option Agreement is executed pursuant to and shall be governed by the internal laws of the State of Florida without reference to the conflict of law principles thereof.

10. NOTICE. Any notice hereunder by the Optionee to the Corporation shall be in writing and shall be deemed duly given: (i) when mailed or delivered to the Corporation at its principal office, addressed to the attention of the Board, or if so mailed or delivered to such other address as the Corporation may hereafter designate by notice to the Optionee; or (ii) when sent by facsimile, telecopy, telex or other form of written electronic transmission, upon confirmation of receipt thereof by the Corporation. Any notice or delivery hereunder by the Corporation or its transfer agent to the Optionee shall be in writing and shall be deemed duly given: (i) when mailed or delivered to the Optionee at the address specified below by the Optionee for such purpose, or if so mailed or delivered to such other address as the Optionee may hereafter designate by written notice given to the Corporation; or (ii) when sent by facsimile, telecopy, telex or other form of written electronic transmission, upon confirmation of receipt thereof by the Optionee.

11. ENTIRE AGREEMENT. This Option Agreement (including Exhibit A and Exhibit B hereto) constitutes the entire agreement and supersedes all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. Neither this Option Agreement nor any term hereof may be amended, waived, discharged or terminated except by a written instrument signed by the Corporation and the Optionee; provided, however, that the Corporation unilaterally may waive any provision hereof in writing to the extent that such waiver does not adversely affect the

interests of the Optionee hereunder or otherwise cause the Option granted hereunder not to qualify as an "incentive stock option" within the meaning of Section 422 of the Code (if applicable), but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

12. SUCCESSORS AND ASSIGNS. This Option Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors, personal representatives and permitted assigns of the parties hereto.

13. COUNTERPARTS. This Option Agreement may be executed in one or more counterparts, each of which shall constitute an original, but all of which together shall be one and the same instrument.

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

15. TAX CONSEQUENCES. The Optionee should consult his or her tax advisor regarding the tax consequences relating to the Option, including the exercise of the Option and the sale of the stock purchased upon such exercise, and the Corporation makes no representations regarding such tax consequences nor the ability for the Option or any part thereof to constitute an incentive stock option within the meaning of Section 422 of the Code.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have duly executed this Stock Option Agreement, or caused this Stock Option Agreement to be duly executed on their behalf, as of the day and year first above written.

**SYKES ENTERPRISES, INCORPORATED**

By: /S/ Jenna R. Nelson

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Name: Jenna R. Nelson  
Title: Sr. Vice President, Human Resources

**OPTIONEE:**

/S/ W. Michael Kipphut

-----  
W. Michael Kipphut

**ADDRESS FOR NOTICE TO OPTIONEE:**

**EXHIBIT B**

**PERFORMANCE OBJECTIVES FOR ACCELERATED VESTING**

PERFORMANCE OBJECTIVE -----	NUMBER OF SHARES SUBJECT TO ACCELERATED VESTING -----
Execution by both parties of the Amended and Restated Employment Agreement between the Corporation and W. Michael Kipphut.	25,000
Corporation meets or exceeds expectations at street level, as such expectations may be adjusted from time to time, for earnings per share in Q1 of Fiscal Year 2002.	12,500
Corporation meets or exceeds expectations at street level, as such expectations may be adjusted from time to time, for earnings per share in Q2 of Fiscal Year 2002.	12,500
Corporation meets or exceeds expectations at street level, as such expectations may be adjusted from time to time, for earnings per share in Q3 of Fiscal Year 2002.	12,500
Corporation meets or exceeds expectations at street level, as such expectations may be adjusted from time to time, for earnings per share in Q4 of Fiscal Year 2002.	12,500
The successful completion by W. Michael Kipphut of the full stated term of the Amended and Restated Employment Agreement (i.e., through March 5, 2004).	50,000
	-----
TOTAL	125,000

**EXHIBIT 10.42**

**SYKES ENTERPRISES, INCORPORATED  
STOCK OPTION AGREEMENT  
FOR 2001 EQUITY INCENTIVE PLAN**

(PERFORMANCE-ACCELERATED OPTION)

This Stock Option Agreement ("Option Agreement") is entered into as of the 8th day of January, 2002 by and between Sykes Enterprises, Incorporated, a Florida corporation (the "Corporation"), and JOHN H. SYKES, an employee of the Corporation or one of its subsidiaries (the "Optionee").

WHEREAS, the board of directors of the Corporation (the "Board") has duly adopted the 2001 Equity Incentive Plan (the "Plan"), which authorizes the Corporation to grant to eligible individuals options for the purchase of shares of voting common stock, par value \$.01 per share, of the Corporation (the "Stock"); and

WHEREAS, the Corporation has determined that it is desirable and in its best interests to grant to the Optionee, pursuant to the Plan, an option to purchase a certain number of shares of Stock in order to provide the Optionee with an incentive to advance the interests of the Corporation and its subsidiaries, all according to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties hereto, intending to be legally bound hereby, agree as follows:

1. **GRANT OF OPTION.** Subject to the terms of the Plan (attached hereto as Exhibit A, the terms of which are incorporated herein by this reference), the Corporation hereby grants to the Optionee the right and option (the "Option") to purchase from the Corporation, on the terms and subject to the conditions set forth herein and in the Plan 1,250,000 shares of Stock. The Option shall constitute and be treated as a nonqualified stock option. The date of grant of the Option is JANUARY 8, 2002 (the "Grant Date"), the date on which the grant of the Option was approved in accordance with the terms and conditions of the Plan.

2. **PRICE.** The purchase price (the "Option Price") for the shares of Stock subject to the Option granted by this Option Agreement is \$9.10 per share.

3. **EXERCISE OF OPTION.** Except as otherwise provided herein and in the Plan, the Option granted pursuant to this Option Agreement shall be subject to exercise as follows:

3(a). **TIME OF EXERCISE OF OPTION.** Subject to the limitation on exercise set forth in Section 3(d) hereof, the Option shall vest and first become exercisable by the Optionee on the fourth (4th) anniversary of the Grant Date, provided that Optionee is then still employed on a full-time basis by the

Corporation or a Subsidiary. Notwithstanding the foregoing, the date upon which the Option, or part thereof, will vest and first become exercisable will be accelerated to the date or dates (each an "Accelerated Vesting Date") upon which the performance objectives set forth on Exhibit B hereto (the "Performance Objectives") are attained, but only if Optionee was employed with the Corporation or a Subsidiary on a continuous, uninterrupted, and full-time basis from the Grant Date up through and including the Accelerated Vesting Date. The determination of whether the Optionee and/or Corporation have attained all of the Performance Objectives, and the date on which the Accelerated Vesting Date (if any) will occur, shall be made by the Administrator in its sole and absolute discretion, and the Administrator's determination will be final and conclusive and binding on the Optionee.

3(b). RETIREMENT, DEATH OR DISABILITY. If an Optionee: (i) dies while employed by the Corporation or a Subsidiary or within the period when an Option could have otherwise been exercised by the Optionee; (ii) terminates employment with the Corporation or a Subsidiary by reason of the "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code) of such Optionee; or (iii) terminates employment with the Corporation or a Subsidiary as a result of such Optionee's retirement, provided that the Corporation or such Subsidiary has consented in writing to such Optionee's retirement, then, in each such case, the unvested portion of the Option shall immediately terminate and such Optionee, or the duly authorized representatives of such Optionee, 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 Section 3(d) below, 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 Administrator of the Plan, the three-month period referenced in the immediately preceding sentence may be extended for a period of up to one year. For the purposes of this Option Agreement, the terms "Subsidiary" and "Administrator" shall have the respective meanings set forth in the Plan.

3(c). TERMINATION OF EMPLOYMENT. During the life of an Optionee, an Option shall be exercisable only by such Optionee and only within one (1) month after the termination of the Optionee's employment with the Corporation or a Subsidiary, other than by reason of the Optionee's death, permanent disability or retirement with the consent of the Corporation or a Subsidiary as provided in Section 3(b) above, but only if and to the extent the Option was exercisable immediately prior to such termination, and subject to the provisions of Section 3(d) below. Notwithstanding the foregoing, if the Optionee's employment is terminated for cause, or the Optionee terminates his own employment with the Corporation, 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 Corporation 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 Corporation, (ii) the material negligence of, or failure to perform, the Optionee's duties to the Corporation 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 Corporation.

3(d). LIMITATIONS ON EXERCISE OF OPTION. If the Optionee owned capital stock of the Corporation possessing more than 10% of the total combined voting power or value of all classes of capital stock of the Corporation as of the Grant Date (a "10% Shareholder"), then in no event may the Option be exercised, in whole or in part, after five (5) years following the Grant Date. If the Optionee is not a 10% Shareholder, then in no event may the Option be exercised, in whole or in part, after ten (10) years following the Grant Date. In no event may the Option be exercised for a fractional share.

3(e). ASSIGNMENT OF OPTION. Options shall not be assignable or transferable by the Optionee other than by will or by the laws of descent and distribution. 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 Corporation.

4. METHOD OF EXERCISE OF OPTION. Any payment for shares of Stock purchased upon exercise of an Option granted hereunder shall be made in cash. Notwithstanding the foregoing, if permitted by the Administrator, the payment may be made by delivery of shares of Stock beneficially owned by the Optionee, or attestation by the Optionee to the ownership of a sufficient number of shares of Stock, or by a combination of cash and Stock, at the election of the Optionee with the consent of the Administrator; provided, however, that any shares of Stock so delivered or attested shall have been beneficially owned by the Optionee for a period of not less than six (6) months prior to the date of exercise. Any such shares of Stock so delivered or attested shall be valued at their Fair Market Value (as defined in the Plan) on the date of such exercise. The Administrator shall determine whether and if so the extent to which actual delivery of share certificates to the Corporation shall be required. The Administrator also may authorize payment in accordance with a cashless exercise program under which, if so instructed by the Optionee, Stock may be issued directly to the Optionee's broker upon receipt of the Option purchase price in cash directly to the broker.

5. EFFECT OF CHANGES IN CAPITALIZATION. Section 10 of the Plan shall apply to the Option.

6. WITHHOLDING OF TAXES. The parties hereto recognize that the Corporation or any subsidiary thereof may be obligated to withhold federal and local income taxes and Social Security taxes to the extent that the Optionee realizes ordinary income in connection with the exercise of the Option or in connection with certain dispositions of any shares of Stock acquired by exercise of the Option. The Optionee agrees that the Corporation or any subsidiary thereof may withhold amounts needed to cover such taxes from payments otherwise due and owing to the Optionee, and also agrees that upon demand the Optionee will promptly pay to the Corporation or any subsidiary thereof having such obligation any additional amounts as may be necessary to satisfy such withholding tax obligation. Such payment shall be made in cash or by certified check payable to the order of the Corporation or a subsidiary thereof. With the prior approval of the Corporation, however, which may be withheld by the Corporation in its sole discretion, the Optionee may elect to satisfy such obligations, in whole or in part, (a) by causing the Corporation to withhold shares of Stock otherwise issuable pursuant to the exercise of the Option or (b) by delivering to the Corporation shares of Stock already owned by the Optionee. The shares so

delivered or withheld shall have a fair market value equal to such withholding obligations. The fair market value of the shares used to satisfy such withholding obligation shall be determined by the Corporation in accordance with the Plan as of the date that the amount of tax to be withheld is to be determined.

7. DELIVERY OF SHARES. Shares of Stock purchased by the Optionee upon the partial or complete exercise of the Option shall be delivered to the Optionee upon notice of issuance given by the Corporation to its transfer agent.

8. INTERPRETATION OF THIS OPTION AGREEMENT. In the event that there is any inconsistency between the provisions of this Option Agreement and of the Plan, the provisions of the Plan shall govern.

9. GOVERNING LAW. This Option Agreement is executed pursuant to and shall be governed by the internal laws of the State of Florida without reference to the conflict of law principles thereof.

10. NOTICE. Any notice hereunder by the Optionee to the Corporation shall be in writing and shall be deemed duly given: (i) when mailed or delivered to the Corporation at its principal office, addressed to the attention of the Board, or if so mailed or delivered to such other address as the Corporation may hereafter designate by notice to the Optionee; or (ii) when sent by facsimile, telecopy, telex or other form of written electronic transmission, upon confirmation of receipt thereof by the Corporation. Any notice or delivery hereunder by the Corporation or its transfer agent to the Optionee shall be in writing and shall be deemed duly given: (i) when mailed or delivered to the Optionee at the address specified below by the Optionee for such purpose, or if so mailed or delivered to such other address as the Optionee may hereafter designate by written notice given to the Corporation; or (ii) when sent by facsimile, telecopy, telex or other form of written electronic transmission, upon confirmation of receipt thereof by the Optionee.

11. ENTIRE AGREEMENT. This Option Agreement (including Exhibit A and Exhibit B hereto) constitutes the entire agreement and supersedes all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. Neither this Option Agreement nor any term hereof may be amended, waived, discharged or terminated except by a written instrument signed by the Corporation and the Optionee; provided, however, that the Corporation unilaterally may waive any provision hereof in writing to the extent that such waiver does not adversely affect the interests of the Optionee hereunder or otherwise cause the Option granted hereunder not to qualify as an "incentive stock option" within the meaning of Section 422 of the Code (if applicable), but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

12. SUCCESSORS AND ASSIGNS. This Option Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors, personal representatives and permitted assigns of the parties hereto.

13. COUNTERPARTS. This Option Agreement may be executed in one or more counterparts, each of which shall constitute an original, but all of which together shall be one and the same instrument.

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

15. TAX CONSEQUENCES. The Optionee should consult his or her tax advisor regarding the tax consequences relating to the Option, including the exercise of the Option and the sale of the stock purchased upon such exercise, and the Corporation makes no representations regarding such tax consequences nor the ability for the Option or any part thereof to constitute an incentive stock option within the meaning of Section 422 of the Code.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have duly executed this Stock Option Agreement, or caused this Stock Option Agreement to be duly executed on their behalf, as of the day and year first above written.

**SYKES ENTERPRISES, INCORPORATED**

By: /S/ Jenna R. Nelson

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Name: Jenna R. Nelson

Title: Sr. Vice President, Human Resources

**OPTIONEE:**

/S/ John H. Sykes

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John H. Sykes

**ADDRESS FOR NOTICE TO OPTIONEE:**

## EXHIBIT B

### PERFORMANCE OBJECTIVES FOR ACCELERATED VESTING

PERFORMANCE OBJECTIVE	NUMBER OF SHARES
A portion of the Option (i.e., 250,000 shares) is vested immediately, as of the Grant Date, based on performance achieved by Optionee in reorganizing and restructuring the Corporation in fiscal year 2001, the performance of the Corporation in fiscal year 2001, and in consideration of Optionee entering into an Amended and Restated Executive Employment Agreement pursuant to which Optionee agreed to extend his time of service as an executive of the Corporation	250,000
Corporation meets or exceeds expectations at street level, as such expectations may be adjusted from time to time, for earnings per share in Q1 of Fiscal Year 2002.	250,000
Corporation meets or exceeds expectations at street level, as such expectations may be adjusted from time to time, for earnings per share in Q2 of Fiscal Year 2002.	250,000
Corporation meets or exceeds expectations at street level, as such expectations may be adjusted from time to time, for earnings per share in Q3 of Fiscal Year 2002.	250,000
Corporation meets or exceeds expectations at street level, as such expectations may be adjusted from time to time, for earnings per share in Q4 of Fiscal Year 2002.	250,000
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TOTAL	1,250,000

In addition to the foregoing, the entire Option shall become immediately exercisable in the event the Board of Directors of the Corporation approves a transaction pursuant to which the capital stock or all or substantially all of the assets of the Corporation would be sold to a third party (excluding the Optionee or Optionee's Affiliates) and the proposed sale price per share of Stock pursuant to the transaction (as evidenced by a written agreement) exceeds by 30% or more the closing price of the Stock on the trading day immediately preceding the date on which such transaction is announced to the public.

**EXHIBIT 10.43**

**AMENDED AND RESTATED  
EMPLOYMENT AGREEMENT**

**SYKES(TM)**

**Real People. Real Solutions.**

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 TERM OR RENEWAL PERIOD AND PROVISIONS OF THIS AGREEMENT ARE NOT FULLY UNDERSTOOD BY YOU.

THIS AGREEMENT is made as of the 6th day of March 2002, by and between SYKES ENTERPRISES, INCORPORATED, a Florida corporation (the "Company"), and HARRY A. JACKSON JR. (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 or Renewal Period(s) (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/her best efforts and entire business time, skill, labor, and attention to the performance of such duties. The Executive agrees to promptly provide a description of any other commercial duties or pursuits engaged in by the Executive to the Company's Board of Directors. If the Board of Directors determines in good faith that such activities conflict with the Executive's performance of his/her 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 OR RENEWAL PERIOD.** Subject to the Term or Renewal Period(s) 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 for the term of employment stated in Exhibit A attached hereto and incorporated herein (such Term shall herein be defined as the "Term"). Provided, however, that this Agreement shall renew automatically for successive one (1) year periods ("Renewal Periods") unless either party gives written notice of termination at least that number of days set forth on

Executive/Term or Renewal Period Sykes Enterprises Inc. [ILLEGIBLE] Revised February 2002 Page Number 1 Initial

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Exhibit A before the end of the Term or Renewal Period, as applicable (the "Renewal Notice Period"). 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 or Renewal Period 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 or Renewal Period 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 or Renewal Period 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

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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

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

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

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

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

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

(5) Engage in any practice, the purpose of which is to evade the provisions of this Agreement or to commit any act which is detrimental to the successful continuation of or which adversely affects the business or the Company; provided, however, that the foregoing shall not preclude the Executive's ownership of not more than 2% of the equity securities of a company whose securities are registered under Section 12 of the Securities Exchange Act of 1934, as amended;

(6) For purpose of these Covenant Not-to-Compete and No Solicitation provisions, Client includes any subsidiaries, affiliates, customers, and clients of the Company's Clients. The Executive agrees that the geographic scope of this Covenant Not-to-Compete shall extend to the geographic area where the Company's Clients conduct business at any time during the Term or Renewal Period(s) 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

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entity's or person's business or any person or entity that within such period of one (1) year the Company has pursued or communicated with for the purpose of obtaining business for the Company.

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

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

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

## 6. TERMINATION

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

(b) Disability. If during the Term or Renewal Period(s) the Executive becomes physically or mentally disabled in accordance with the terms and conditions of any disability insurance policy covering the Executive, or, if due to such physical or mental disability the Executive becomes unable for a period of more than six (6) consecutive months to perform his/her duties hereunder on substantially a full-time basis as determined by the Company in its sole reasonable discretion, the Company may, at its option, terminate the Executive's employment hereunder upon not less than thirty (30) days' written notice.

(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/her duties hereunder or the Executive's refusal to perform his/her 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 designee(s); (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) Payments Upon Termination. 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 an early 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 an amount equal to the Liquidated Damages defined in (e) below (in lieu of actual damages) for the early termination of his/her employment. In the event of a termination of the Executive's employment for any reason other than pursuant to Section 6(c), the Covenant Not-to-Compete set forth in Section 5 hereof shall remain in

General Manager and Senior Vice President, EMEA

full force and effect for the period set forth in (e) below. 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 any Liquidated Damages and the Covenant Not-to-Compete set forth in Section 5 hereof shall remain in full force and effect as set forth in (e) below. Notwithstanding anything to the contrary herein contained, and in addition to any other compensation to which the Executive may be entitled to receive pursuant to this Agreement, the Executive shall receive all compensation and other benefits to which he or she was entitled under this Agreement or otherwise as an executive of the Company through the termination date. Executive shall not be entitled to any Liquidated Damages in the event the Company does not terminate this Agreement but elects not to renew this Agreement as permitted by Section 2 hereof.

(e) Liquidated Damages and Non-Competition/Solicitation. The Liquidated Damages ("Liquidated Damages") amount, if due as provided above, shall be equal to the weekly amount stated as Base Salary on Exhibit A, through the end of the Term or Renewal Period of the Agreement or for fifty two (52) weeks, whichever is greater. The provisions of Section 5 (the "Non-Competition/Solicitation Provisions") shall survive the early termination of this Agreement, by either party, and for any reason, through the end of the Term or Renewal Period of the Agreement or for fifty two (52) weeks, whichever is greater. Provided, however, the Company may elect, in its sole discretion, to release the Executive from all or any portion of the term of the Covenant Not-to-Compete set forth in Section 5 hereof. In the event the Company elects to release the Executive from such covenants, the amount of Liquidated Damages payable hereunder, if any, shall be reduced by an amount equal to the weekly amount stated as Base Salary on Exhibit A, times the number of weeks the Company has elected to release the Executive from such covenants. Provided however, notwithstanding anything herein to the contrary, the amount of Liquidated Damages shall not be less than the weekly amount stated as Base Salary on Exhibit A, times the number of weeks remaining between the early termination date and the end of the Term or Renewal Period. The amount of Liquidated Damages shall be paid biweekly in equal installments over such period. Notwithstanding anything here to the contrary, the Non-Solicitation restrictions set forth in Section 5(c)(4) shall survive the termination of this Agreement and remain in effect for the greater of fifty two (52) full weeks following termination or the full stated Term or Renewal Period of this Agreement.

(f) Condition Precedent to Receipt of Liquidated Damages. Executive expressly agrees that in the event of a termination of this Agreement prior to the expiration of the Term or Renewal Period, Executive will execute an agreement containing the waiver and release provisions set forth on Exhibit "B." Executive agrees and acknowledges that the execution of such an agreement upon termination prior to the expiration of the Term or Renewal Period, is a condition precedent to the obligation of the Company to pay any Liquidated Damages hereunder. The provisions set forth in Exhibit "B" provide for the release and waiver of important rights and/or claims that Executive might have against the Company at the time of any early termination of this Agreement. Executive hereby represents and warrants that he/she has read the attached Exhibit "B" and fully and completely understands the provisions thereof.

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: Group Executive and Sr. VP Human  
   Resources

with a copy to:

Sykes Enterprises, Incorporated  
100 North Tampa Street, Suite 3900  
Tampa, Florida 33602  
Attention: General Counsel

General Manager and Senior Vice President, EMEA

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

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

9. ARBITRATION OF DISPUTES.

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

(b) The Arbitrator. A single arbitrator will conduct the arbitration in Tampa, Florida, U.S.A., in accordance with the Commercial Arbitration Rules of the American Arbitration Association (the "Rules"), and judgment upon the written award rendered by the arbitrator may be entered in any court of competent jurisdiction. Notwithstanding the application of the Rules, however, discovery in the arbitration, including interrogatories, requests for production, requests for admission, and depositions, will be fully available and governed by the Federal Rules of Civil Procedure and Local Rules of the United States District Court for the Middle District of Florida. The parties may agree upon a person to act as sole arbitrator within thirty (30) days after submission of any claim or controversy to arbitration pursuant to this Section. If the parties are unable to agree upon such a person within such time period, an arbitrator shall be selected in accordance with the Rules. The arbitrator will not have the power to award punitive or exemplary damages.

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

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

(e) **Attorneys' Fees.** The prevailing party in any arbitration or dispute, or in any litigation, arising out of or related to Executive's employment by Company or this Agreement, shall be entitled to recover all costs and reasonable attorneys' fees incurred on all levels and in all proceedings, including, but not limited to, arbitration, filing, hearing, processing, and witness fees, and any other costs and fees incurred, in any investigations, arbitrations, trials, bankruptcies, and appeals.

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

**10. MISCELLANEOUS.** No provision of this Agreement may be modified or waived unless such waiver or modification is agreed to in writing signed by the parties hereto; provided, however, that the terms of the performance bonus and fringe benefits set forth 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/her heirs, executors, administrators and legal representatives. Except as expressly set forth herein, no party shall assign any of his/her or its rights under this Agreement without the prior written consent of the other party and any attempted assignment without such prior written consent shall be null and void and without legal effect. The parties agree that if any provision of this Agreement shall under any circumstances be deemed invalid or inoperative, the Agreement shall be construed with the invalid or inoperative provision deleted and the rights and obligations of the parties shall be construed and enforced accordingly. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute but one and the same instrument. This Agreement has been negotiated and no party shall be considered as being responsible for such drafting for the purpose of applying any rule construing ambiguities against the drafter or otherwise.

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

*SYKES ENTERPRISES, INCORPORATED*

*EXECUTIVE*

By: */s/ Jenna R. Nelson*

*/s/ Harry A. Jackson Jr.*

*Address:*

Addendum to Harry A. Jackson Jr.  
Amended and Restated Employment Agreement dated March 6, 2002

The parties intend that the No Solicitation and Covenant Not-to-Compete provisions as set forth in this agreement are intended to be enforceable under the laws of The Netherlands and the European Union. The parties agree that if it is subsequently determined that these provisions are not enforceable as set forth herein, they will negotiate, in good faith, provisions similar to those stated herein that are enforceable in accordance with the laws of The Netherlands and the European Union.

*SYKES ENTERPRISES, INCORPORATED*

*EXECUTIVE*

By: */s/ Jenna R. Nelson*

*/s/ Harry A. Jackson Jr.*

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**General Manager and Senior Vice President, EMEA**

**EXHIBIT A TO EMPLOYMENT AGREEMENT**

This Exhibit A is attached to and made a part of that certain Amended and Restated Employment Agreement effective March 6, 2002 (the "Employment Agreement"), entered into by and between Sykes Enterprises, Incorporated (the "Company") and Harry A. Jackson Jr. (the "Executive"), which supercedes and replaces all other Exhibit A's to the Employment Agreement.

Effective Date:	March 6, 2002
Term:	Through August 31, 2004
Base Salary:	\$3,370.57 per week through March 5, 2002 \$4,178.85 per week effective March 6, 2002 \$4,596.74 per week effective September 1, 2003
Performance Bonus:	0%-53% of annual base salary Performance bonus payments will be made in accordance with the Company's standard policy for the payment of performance bonuses.
Fringe Benefits:	Standard executive fringe benefits
Renewal Notice Period	One Hundred Eighty (180) days
Stock Options:	100,000 incentive options under the 2001 Equity Incentive Plan effective March 6, 2002

**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 6th day of March 2002.

*SYKES ENTERPRISES, INCORPORATED*

*EXECUTIVE*

By: */s/ Jenna R. Nelson*

*/s/ Harry A. Jackson Jr.*

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## EXHIBIT B TO EMPLOYMENT AGREEMENT

### WAIVER AND RELEASE

Employee agrees as follows:

a. Employee agrees to release and forever discharge by this Agreement the Employer from all liabilities, causes of actions, charges, complaints, suits, claims, obligations, costs, losses, damages, injuries, rights, judgments, attorneys' fees, expenses, bonds, bills, penalties, fines, and all other legal responsibilities of any form whatsoever whether known or unknown, whether suspected or unsuspected, whether fixed or contingent, whether in law or in equity, including but not limited to those arising from any acts or omissions occurring prior to the effective date of this Agreement, including those arising by reason of any and all matters from the beginning of time to the present, arising out of his past employment with, compensation during, and separation from Employer. Employee specifically releases claims under all applicable state and federal laws, including but not limited to, Title VII of the Civil Rights Act of 1964 as amended, the Fair Labor Standards Act, the Rehabilitation Act of 1973, the Family Medical Leave Act, the Employee Retirement Income Security Act, the Consolidated Omnibus Reconciliation Act of 1986, the Americans with Disabilities Act, the Florida Civil Rights Act of 1992, the Workers' Compensation Act, the Equal Pay Act, the Age Discrimination in Employment Act of 1967 (Title 29, United States Code, Section 621, et seq.) ("ADEA"), as well as all common law claims, whether arising in tort or contract.

b. In addition to the other provisions in this Agreement, Employee acknowledges that the information in the following paragraphs is included for the express purpose of complying with the Older Workers' Benefits Protection Act, 29 U.S.C. ss.626(f):

i. I, Harry Jackson, was over 40 years of age when I separated my employment and when I signed this Agreement. I realize there are many laws and regulations prohibiting employment discrimination or otherwise regulating employment or claims related to employment pursuant to which I may have rights or claims, including the Age Discrimination in Employment Act of 1967, as amended (the "ADEA"). I hereby waive and release any rights or claims I may have under the ADEA.

ii. By signing this Agreement, I state that I am receiving compensation and benefits to which I was not otherwise entitled. I am waiving and releasing all claims against Employer that I may have based on my age. I am not waiving any claim or action under the ADEA based upon rights or claims that may arise after the date I sign this Agreement.

iii. I am being given continued compensation and benefits in exchange for the release and waiver of all claims that I am agreeing to herein. This continued compensation is in addition to anything of value to which I am already entitled in that I am receiving this continued compensation without having to perform services of an equal value.

Exhibit B to Employment Agreement  
Waiver and Release

Sykes Enterprises, Incorporated

[ILLEGIBLE]

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iv. I was informed in writing that I could consult with an attorney before signing this Agreement. I acknowledge that I was given the opportunity to consider this Agreement for twenty-one (21) days before signing it, and, if I sign it, to revoke it for a period of seven (7) days thereafter. Regardless of when I signed this Agreement, I acknowledge that my seven-day period will not be waived. No payments will be made to me until after the seven-day revocation period expires.

c. Employee shall not disclose, either directly or indirectly, any information whatsoever regarding any of the terms or the existence of this Agreement or of any other claim Employee may have against the Employer, to any person or organization, including but not limited to members of the press and media, present and former employees of the Employer, companies who do business with the Employer, or other members of the public. The only exceptions to Employee's promise of confidentiality herein is that Employee may reveal such terms of this Agreement as are necessary to comply with a request made by the Internal Revenue Service, as otherwise compelled by a court or agency of competent jurisdiction, as allowed and/or required by law, or as necessary to comply with requests from Employee's accountants or attorneys for legitimate business purposes.

d. Employee shall refrain from making any written or oral statement or taking any action, directly or indirectly, which Employee knows or reasonably should know to be disparaging or negative concerning the Employer except as allowed or required by law. Employee also shall refrain from suggesting to anyone that any written or oral statements be made which Employee knows or reasonably should know to be disparaging or negative concerning the Employer, or from urging or influencing any person to make any such statement. This provision shall include, but not be limited to, the requirement that Employee refrain from expressing any disparaging or negative opinions concerning the Employer, Employee's separation from the Employer, any of the Employer's officers, directors, or employees, or any other matters relative to the Employer's reputation as an employer. Employee's promises in this subsection, however, shall not apply to any judicial or administrative proceeding in which Employee is a party or has been subpoenaed to testify under oath by a government agency or by any third party.

e. Beginning on the date of this Agreement and continuing at all times hereafter, Employee and Employer shall, without any additional compensation except as provided herein, provide each other with full cooperation and reasonable assistance in connection with Employer's defense of (i) any litigation against Employer, its officers, its subsidiaries, or its affiliates pending as of the date hereof or (ii) any other litigation against Employer, its officers, its subsidiaries, or its affiliates arising out of or relating to any circumstance, fact, event, or omission alleged to occur while Employee was employed by Employer. Employee shall at all times promptly be reimbursed by Employer for any and all out-of-pocket expenses, including travel expenses, that may be incurred by Employee in providing such cooperation and assistance, and to the extent that Employee provides any such assistance or cooperation after the Post-Employment Period, the Employee also shall be compensated for his time in providing such cooperation and assistance at a rate equivalent to a per diem based upon his base salary as in effect under the Employment Agreement as of the date hereof. Such cooperation and assistance shall include, but not be limited to, access for research, being available for consultation, for deposition and trial testimony, and for availability and execution of discovery-related documents such as interrogatories, affidavits, requests for production, requests for admissions, and responses to each, as deemed necessary. Employee and Employer further agree to provide their good will and good faith in providing honest and forthright cooperation in all other

aspects of their defense of any such litigation.

EFFECTIVE DATE. This Agreement may be revoked by the Employee for a period of seven (7) days following the execution of the Agreement, and the Agreement shall not become effective or enforceable until the revocation period has expired.

IN WITNESS WHEREOF, and intending to be legally bound, the Employer by its authorized representative, and Employee, execute this Employment Waiver and Release, by signing below voluntarily and with full knowledge of the significance of all its provisions.

**PLEASE READ CAREFULLY. THIS EMPLOYMENT WAIVER AND RELEASE INCLUDES A**

**RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.**

Exhibit B to Employment Agreement  
Waiver and Release

Sykes Enterprises, Incorporated

[ILLEGIBLE]

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**EXHIBIT 10.44**

**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 TERM OR RENEWAL PERIOD AND PROVISIONS OF THIS AGREEMENT ARE NOT FULLY UNDERSTOOD BY YOU.

THIS AGREEMENT is made as of the 1st day of October 2001, by and between SYKES ENTERPRISES, INCORPORATED, a Florida corporation (the "Company"), and WILLIAM N. ROCKTOFF (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 or Renewal Period(s) (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/her best efforts and entire business time, skill, labor, and attention to the performance of such duties. The Executive agrees to promptly provide a description of any other commercial duties or pursuits engaged in by the Executive to the Company's Board of Directors. If the Board of Directors determines in good faith that such activities conflict with the Executive's performance of his/her 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 OR RENEWAL PERIOD.** Subject to the Term or Renewal Period(s) 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 for the term of employment stated in Exhibit A attached hereto and incorporated herein (such Term shall herein be defined as the "Term"). Provided, however, that this Agreement shall renew automatically for successive one (1) year periods ("Renewal Periods") unless either party gives written notice of termination at least that number of days set forth on Exhibit A before the end of the Term or Renewal Period, as applicable (the "Renewal Notice Period"). 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.

Executive/Term or Renewal Period Sykes Enterprises Inc. [ILLEGIBLE] Revised February 2002 Page Number 1 Initial

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

- (1) Directly or indirectly engage in, continue in, or carry on the business of the Company or any business substantially similar thereto, including owning or controlling any financial interest in any corporation, partnership, firm, or other form of business organization which competes with or is engaged in or carries on any aspect of such business or any business substantially similar thereto;
  - (2) Consult with, advise, or assist in any way, whether or not for consideration of any kind, any corporation, partnership, firm, or other business organization which is now, becomes, or may become a competitor of the Company in any aspect of the Company's business during the Executive's employment with the Company, including, but not limited to, advertising or otherwise endorsing the products of any such competitor or loaning money or rendering any other form of financial assistance to or engaging in any form of transaction whether or not on an arm's length basis with any such competitor;
  - (3) Provide or attempt to provide or solicit the opportunity to provide or advise others of the opportunity to provide any services of the type Executive performed for the Company or the Company's Clients (regardless of whether and how such services are to be compensated, whether on a salaried, time and materials, contingent compensation, or other basis) to or for the benefit of any Client (i) to which Executive has provided services in any capacity on behalf of the Company, or (ii) to which Executive has been introduced to or about which the Executive has received information through the Company or through any Client from which Executive has performed services in any capacity on behalf of the Company;
  - (4) Retain or attempt to retain, directly or indirectly, for itself or any other party, the services of any person, including any of the Company's employees, who were providing services to or on behalf of the Company while Executive was employed by the Company and to whom Executive has been introduced or about whom Executive has received information through the Company or through any Client for which Executive has performed services in any capacity on behalf of the Company;
  - (5) Engage in any practice, the purpose of which is to evade the provisions of this Agreement or to commit any act which is detrimental to the successful continuation of or which adversely affects the business or the Company; provided, however, that the foregoing shall not preclude the Executive's ownership of not more than 2% of the equity securities of a company whose securities are registered under Section 12 of the Securities Exchange Act of 1934, as amended;
  - (6) For purpose of these Covenant Not-to-Compete and No Solicitation provisions, Client includes any subsidiaries, affiliates, customers, and clients of the Company's Clients. The Executive agrees that the geographic scope of this Covenant Not-to-Compete shall extend to the geographic area where the Company's Clients conduct business at any time during the Term or Renewal Period(s) of this Agreement. For purposes of this Agreement, "Clients" means any person or entity to which the Company provides or has provided within a period of one (1) year prior to the Executive's termination of employment, labor, materials or services for the furtherance of such entity's or person's business or any person or entity that within such period of one (1) year the Company has pursued or communicated with for the purpose of obtaining business for the Company.
- (d) Enforcement. These Covenant Not-to-Compete and No Solicitation provisions shall be construed and enforced under the laws of the State of Florida. In the event of any breach of this Covenant Not-

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

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

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

## 6. TERMINATION

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

(b) Disability. If during the Term or Renewal Period(s) the Executive becomes physically or mentally disabled in accordance with the terms and conditions of any disability insurance policy covering the Executive, or, if due to such physical or mental disability the Executive becomes unable for a period of more than six (6) consecutive months to perform his/her duties hereunder on substantially a full-time basis as determined by the Company in its sole reasonable discretion, the Company may, at its option, terminate the Executive's employment hereunder upon not less than thirty (30) days' written notice.

(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/her duties hereunder or the Executive's refusal to perform his/her 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 designee(s); (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) Payments Upon Termination. 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 an early termination by the Company of the Executive's employment with the Company for any reason other than pursuant to Section 6(A)(B)(C), the Company shall pay the Executive an amount equal to the Liquidated Damages defined in (e) below (in lieu of actual damages) for the early termination of his/her employment. In the event of a termination of the Executive's employment for any reason other than pursuant to Section 6(A)(B)(C), the Covenant Not-to-Compete set forth in Section 5 hereof shall remain in full force and effect for the period set forth in (e) below. If the Company terminates the Executive's employment pursuant to Section 6(A)(B)(C) or the Executive terminates such employment, the Executive shall not be entitled to any Liquidated Damages and the Covenant Not-to-Compete set forth in Section 5 hereof shall remain in full force and effect as set forth in (e) below. Notwithstanding anything to the contrary herein contained, and in addition to any other compensation to which the



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

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

#### 9. ARBITRATION OF DISPUTES.

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

(b) The Arbitrator. A single arbitrator will conduct the arbitration in Tampa, Florida, U.S.A., in accordance with the Commercial Arbitration Rules of the American Arbitration Association (the "Rules"), and judgment upon the written award rendered by the arbitrator may be entered in any court of competent jurisdiction. Notwithstanding the application of the Rules, however, discovery in the arbitration, including interrogatories, requests for production, requests for admission, and depositions, will be fully available and governed by the Federal Rules of Civil Procedure and Local Rules of the United States District Court for the Middle District of Florida. The parties may agree upon a person to act as sole arbitrator within thirty (30) days after submission of any claim or controversy to arbitration pursuant to this Section. If the parties are unable to agree upon such a person within such time period, an arbitrator shall be selected in accordance with the Rules. The arbitrator will not have the power to award punitive or exemplary damages.

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

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

(e) Attorneys' Fees. The prevailing party in any arbitration or dispute, or in any litigation, arising out of or related to Executive's employment by Company or this Agreement, shall be entitled to recover all costs and reasonable attorneys' fees incurred on all levels and in all proceedings, including, but not limited to, arbitration, filing, hearing, processing, and witness fees, and any other costs and fees incurred, in any investigations, arbitrations, trials, bankruptcies, and appeals.

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

10. MISCELLANEOUS. No provision of this Agreement may be modified or waived unless such waiver or modification is agreed to in writing signed by the parties hereto; provided, however, that the terms of the performance bonus and fringe benefits set forth 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/her heirs, executors, administrators and legal representatives. Except as expressly set forth herein, no party shall assign any of his/her or its rights under this Agreement without the prior written consent of the other party and any attempted assignment without such prior written consent shall be null and void and without legal effect. The parties agree that if any provision of this Agreement shall under any circumstances be deemed invalid or inoperative, the Agreement shall be construed with the invalid or inoperative provision deleted and the rights and obligations of the parties shall be construed and enforced accordingly. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute but one and the same instrument. This Agreement has been negotiated and no party shall be considered as being responsible for such drafting for the purpose of applying any rule construing ambiguities against the drafter or otherwise.

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

*SYKES ENTERPRISES, INCORPORATED*

*EXECUTIVE*

By: */s/ Jenna R. Nelson*

*/s/ B. Rocktoff*

-----  
*Jenna R. Nelson*

-----  
*B. Rocktoff*

*Address:*

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**EXHIBIT A TO EMPLOYMENT AGREEMENT**

This Exhibit A is attached to and made a part of that certain Employment Agreement effective enter date (the "Employment Agreement"), entered into by and between Sykes Enterprise, Incorporated (the "Company") and enter name (the "Executive"), which supercedes and replaces all other Exhibit A's to the Employment Agreement.

Effective Date:	October 1, 2001
Term:	Through September 30, 2003
Base Salary:	\$2,423.08 per week effective July 2, 2001 \$2,884.62 per week effective March 6, 2002  0% - 30% of annual base salary
Performance Bonus:	Performance bonus payments will be made in accordance with the Company's standard policy for the payment of performance bonuses.
Fringe Benefits:	Standard executive fringe benefits
Renewal Notice Period	One Hundred Eighty (180) days

**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 1st day of October, 2001.

*SYKES ENTERPRISES, INCORPORATED*

*EXECUTIVE*

By: /s/ Jenna R. Nelson

/s/ B. Rocktoff

## EXHIBIT B TO EMPLOYMENT AGREEMENT

### WAIVER AND RELEASE

Employee agrees as follows:

a. Employee agrees to release and forever discharge by this Agreement the Employer from all liabilities, causes of actions, charges, complaints, suits, claims, obligations, costs, losses, damages, injuries, rights, judgments, attorneys' fees, expenses, bonds, bills, penalties, fines, and all other legal responsibilities of any form whatsoever whether known or unknown, whether suspected or unsuspected, whether fixed or contingent, whether in law or in equity, including but not limited to those arising from any acts or omissions occurring prior to the effective date of this Agreement, including those arising by reason of any and all matters from the beginning of time to the present, arising out of his past employment with, compensation during, and separation from Employer. Employee specifically releases claims under all applicable state and federal laws, including but not limited to, Title VII of the Civil Rights Act of 1964 as amended, the Fair Labor Standards Act, the Rehabilitation Act of 1973, the Family Medical Leave Act, the Employee Retirement Income Security Act, the Consolidated Omnibus Reconciliation Act of 1986, the Americans with Disabilities Act, the Florida Civil Rights Act of 1992, the Workers' Compensation Act, the Equal Pay Act, the Age Discrimination in Employment Act of 1967 (Title 29, United States Code, Section 621, et seq.) ("ADEA"), as well as all common law claims, whether arising in tort or contract.

b. In addition to the other provisions in this Agreement, Employee acknowledges that the information in the following paragraphs is included for the express purpose of complying with the Older Workers' Benefits Protection Act, 29 U.S.C. ss.626(f):

i. I, \_\_\_\_\_, was over 40 years of age when I separated my employment and when I signed this Agreement. I realize there are many laws and regulations prohibiting employment discrimination or otherwise regulating employment or claims related to employment pursuant to which I may have rights or claims, including the Age Discrimination in Employment Act of 1967, as amended (the "ADEA"). I hereby waive and release any rights or claims I may have under the ADEA.

ii. By signing this Agreement, I state that I am receiving compensation and benefits to which I was not otherwise entitled. I am waiving and releasing all claims against Employer that I may have based on my age. I am not waiving any claim or action under the ADEA based upon rights or claims that may arise after the date I sign this Agreement.

iii. I am being given continued compensation and benefits in exchange for the release and waiver of all claims that I am agreeing to herein. This continued compensation is in addition to anything of value to which I am already entitled in that I am receiving this continued compensation without having to perform services of an equal value.

**Exhibit B to Employment Agreement Sykes Enterprises, Incorporated [ILLEGIBLE]**

**Waiver and Release Page Number 1 Initial**

iv. I was informed in writing that I could consult with an attorney before signing this Agreement. I acknowledge that I was given the opportunity to consider this Agreement for twenty-one (21) days before signing it, and, if I sign it, to revoke it for a period of seven (7) days thereafter. Regardless of when I signed this Agreement, I acknowledge that my seven-day period will not be waived. No payments will be made to me until after the seven-day revocation period expires.

c. Employee shall not disclose, either directly or indirectly, any information whatsoever regarding any of the terms or the existence of this Agreement or of any other claim Employee may have against the Employer, to any person or organization, including but not limited to members of the press and media, present and former employees of the Employer, companies who do business with the Employer, or other members of the public. The only exceptions to Employee's promise of confidentiality herein is that Employee may reveal such terms of this Agreement as are necessary to comply with a request made by the Internal Revenue Service, as otherwise compelled by a court or agency of competent jurisdiction, as allowed and/or required by law, or as necessary to comply with requests from Employee's accountants or attorneys for legitimate business purposes.

d. Employee shall refrain from making any written or oral statement or taking any action, directly or indirectly, which Employee knows or reasonably should know to be disparaging or negative concerning the Employer except as allowed or required by law. Employee also shall refrain from suggesting to anyone that any written or oral statements be made which Employee knows or reasonably should know to be disparaging or negative concerning the Employer, or from urging or influencing any person to make any such statement. This provision shall include, but not be limited to, the requirement that Employee refrain from expressing any disparaging or negative opinions concerning the Employer, Employee's separation from the Employer, any of the Employer's officers, directors, or employees, or any other matters relative to the Employer's reputation as an employer. Employee's promises in this subsection, however, shall not apply to any judicial or administrative proceeding in which Employee is a party or has been subpoenaed to testify under oath by a government agency or by any third party.

e. Beginning on the date of this Agreement and continuing at all times hereafter, Employee and Employer shall, without any additional compensation except as provided herein, provide each other with full cooperation and reasonable assistance in connection with Employer's defense of (i) any litigation against Employer, its officers, its subsidiaries, or its affiliates pending as of the date hereof or (ii) any other litigation against Employer, its officers, its subsidiaries, or its affiliates arising out of or relating to any circumstance, fact, event, or omission alleged to occur while Employee was employed by Employer. Employee shall at all times promptly be reimbursed by Employer for any and all out-of-pocket expenses, including travel expenses, that may be incurred by Employee in providing such cooperation and assistance, and to the extent that Employee provides any such assistance or cooperation after the Post-Employment Period, the Employee also shall be compensated for his time in providing such cooperation and assistance at a rate equivalent to a per diem based upon his base salary as in effect under the Employment Agreement as of the date hereof. Such cooperation and assistance shall include, but not be limited to, access for research, being available for consultation, for deposition and trial testimony, and for availability and execution of discovery-related documents such as interrogatories, affidavits, requests for production, requests for admissions, and responses to each, as deemed necessary. Employee and Employer further agree to provide their good will and good faith in providing honest and forthright cooperation in all other

**Exhibit B to Employment Agreement Sykes Enterprises, Incorporated [ILLEGIBLE]**

**Waiver and Release Page Number 2 Initial**

aspects of their defense of any such litigation.

EFFECTIVE DATE. This Agreement may be revoked by the Employee for a period of seven (7) days following the execution of the Agreement, and the Agreement shall not become effective or enforceable until the revocation period has expired.

IN WITNESS WHEREOF, and intending to be legally bound, the Employer by its authorized representative, and Employee, execute this Employment Waiver and Release, by signing below voluntarily and with full knowledge of the significance of all its provisions.

**PLEASE READ CAREFULLY. THIS EMPLOYMENT WAIVER AND RELEASE INCLUDES A**

**RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.**

**Exhibit B to Employment Agreement Sykes Enterprises, Incorporated [ILLEGIBLE]**

**Waiver and Release Page Number 3 Initial**

**EXHIBIT 10.45**

**EMPLOYMENT SEPARATION AGREEMENT,  
WAIVER AND RELEASE**

THIS EMPLOYMENT SEPARATION AGREEMENT, WAIVER AND RELEASE (hereinafter "this Agreement") is made and entered into between SYKES ENTERPRISES, INCORPORATED, and its subsidiaries, affiliates, directors, officers, employees, representatives and agents (collectively referred to herein as the "Employer"), and MITCHELL NELSON, and his heirs, assigns, executors and administrators (collectively referred to herein as "Employee") on the date set forth below.

WHEREAS the parties desire to amicably end their employment relationship on November 5, 2001, and fully and finally settle all existing or potential claims and disputes between them, whether known or unknown as of this date, the parties agree as follows:

1. OBLIGATIONS OF THE EMPLOYER. In consideration of Employee's agreement to the terms herein, the Employer shall provide to Employee the following which the Employer is not otherwise legally obligated to provide:

a. For the period beginning on the date hereof through July 30, 2003 (the "Post-Employment Period"), Employer will pay to Employee an amount equal to \$1519.23 per week as the Liquidated Damages described in Section 6 (e) of the Employment Agreement. Such Liquidated Damages amount shall be paid in bi-weekly payments of \$3038.46, subject to applicable tax withholding as W-2 income and reported in accordance therewith. Such payments shall be made on regular paydays in accordance with Employer's regular payroll practices.

b. For the period beginning on the date hereof through the 5th day of November, 2002 (the "Non-Compete Period"), Employer will pay to Employee an amount equal to the Non-Compete Payments of \$1519.23 per week as set forth on Exhibit A to the Employment Agreement. Such Non-Compete Payments shall be paid for the duration of the Non-Compete Period in bi-weekly payments of \$3038.46, subject to applicable tax withholding as W-2 income and reported in accordance therewith. Such payments shall be made on regular paydays in accordance with Employer's regular payroll practices.

c. Employer shall pay to Employee, in a lump sum, \$9746.62, less applicable tax withholdings, representing the dollar value of all of Employee's accrued but unused vacation as of the date hereof. Such lump sum will be paid to Employee by the end of the first working day following receipt, by Employer, of this signed Agreement.

d. In accordance with the provisions of the Consolidated Omnibus Reconciliation Act of 1986 ("COBRA"), Employer is required to advise Employee that upon separation of service, Employee may elect to continue, for a period of up to eighteen (18) months, the same health insurance coverage, dental insurance coverage, vision insurance coverage and prescription drug plan that is being provided to Employee by Employer as of the date of this Agreement. Employee will be

notified of his rights under COBRA and the cost of such continuation of coverage by letter. Employee must affirmatively elect such coverage in order to take advantage of this right. In the event Employee timely makes such election, beginning on the first day following separation and continuing for the first six

(6) months of the Post-Employment Period, Employer shall cover the cost to Employee to obtain such COBRA benefits. Upon expiration of the first six (6) months of the Post-Employment Period, Employee will be solely responsible for payment of the costs for this coverage, plus a 2% administrative fee as provided by law, to maintain the COBRA benefits, absent which such benefits will terminate. Notwithstanding the foregoing, in the event that Employee obtains full-time employment prior to the expiration of the first six (6) months of the Post-Employment Period, then Employer's obligation to provide the benefits shall terminate upon the first day on which Employee would be eligible to receive benefits from his new employer.

2. OBLIGATIONS OF EMPLOYEE. In consideration of the foregoing separation arrangements provided by the Employer, Employee agrees as follows:

a. Employee agrees to release and forever discharge by this Agreement the Employer from all liabilities, causes of actions, charges, complaints, suits, claims, obligations, costs, losses, damages, injuries, rights, judgments, attorneys' fees, expenses, bonds, bills, penalties, fines, and all other legal responsibilities of any form whatsoever whether known or unknown, whether suspected or unsuspected, whether fixed or contingent, whether in law or in equity, including but not limited to those arising from any acts or omissions occurring prior to the effective date of this Agreement, including those arising by reason of any and all matters from the beginning of time to the present, arising out of his past employment with, compensation during, and separation from Employer. Employee specifically releases claims under all applicable state and federal laws, including but not limited to, Title VII of the Civil Rights Act of 1964 as amended, the Fair Labor Standards Act, the Rehabilitation Act of 1973, the Family Medical Leave Act, the Employee Retirement Income Security Act, the Consolidated Omnibus Reconciliation Act of 1986, the Americans with Disabilities Act, the Florida Civil Rights Act of 1992, the Workers' Compensation Act, the Equal Pay Act, the Age Discrimination in Employment Act of 1967 (Title 29, United States Code, Section 621, et seq.) ("ADEA"), as well as all common law claims, whether arising in tort or contract.

b. Employee shall not disclose, either directly or indirectly, any information whatsoever regarding any of the terms or the existence of this Agreement or of any other claim Employee may have against the Employer, to any person or organization, including but not limited to members of the press and media, present and former employees of the Employer, companies who do business with the Employer, or other members of the public. The only exceptions to Employee's promise of confidentiality herein is that Employee may reveal such terms of this Agreement as are necessary to comply with a request made by the Internal Revenue Service, as otherwise compelled by a court or agency of competent jurisdiction, as allowed and/or required by law, or as necessary to comply with requests from Employee's accountants or attorneys for legitimate business purposes.

c. Employee shall refrain from making any written or oral statement or taking any action, directly or indirectly, which Employee knows or reasonably should know to be disparaging or negative concerning the Employer except as allowed or required by law. Employee also shall refrain from suggesting to anyone that any written or oral statements be made which Employee knows or reasonably should know to be disparaging or negative concerning the Employer, or from urging or

influencing any person to make any such statement. This provision shall include, but not be limited to, the requirement that Employee refrain from expressing any disparaging or negative opinions concerning the Employer, Employee's separation from the Employer, any of the Employer's officers, directors, or employees, or any other matters relative to the Employer's reputation as an employer. Employee's promises in this subsection, however, shall not apply to any judicial or administrative proceeding in which Employee is a party or has been subpoenaed to testify under oath by a government agency or by any third party.

d. Beginning on the date of this Agreement and continuing at all times hereafter, Employee and Employer shall, without any additional compensation except as provided herein, provide each other with full cooperation and reasonable assistance in connection with Employer's defense of

(i) any litigation against Employer, its officers, its subsidiaries, or its affiliates pending as of the date hereof or (ii) any other litigation against Employer, its officers, its subsidiaries, or its affiliates arising out of or relating to any circumstance, fact, event, or omission alleged to occur while Employee was employed by Employer. Employee shall at all times promptly be reimbursed by Employer for any and all out-of-pocket expenses, including travel expenses, that may be incurred by Employee in providing such cooperation and assistance, and to the extent that Employee provides any such assistance or cooperation after the Post-Employment Period, the Employee also shall be compensated for his time in providing such cooperation and assistance at a rate equivalent to a per diem based upon his base salary as in effect under the Employment Agreement as of the date hereof. Such cooperation and assistance shall include, but not be limited to, access for research, being available for consultation, for deposition and trial testimony, and for availability and execution of discovery-related documents such as interrogatories, affidavits, requests for production, requests for admissions, and responses to each, as deemed necessary. Employee and Employer further agree to provide their good will and good faith in providing honest and forthright cooperation in all other aspects of their defense of any such litigation.

3. **TERMINATION AND RECOVERY OF BENEFITS.** The Employer is entitled to recover the payments paid to Employee under paragraph 1 of this Agreement if the Employer reasonably relied upon any misrepresentation of Employee in agreeing to undertake those obligations.

4. **NON-ADMISSION.** Neither this Agreement, nor anything contained herein, is to be construed as an admission by the Employer or Employee or as evidence of any liability, wrongdoing or unlawful conduct whatsoever.

5. **SEVERABILITY.** If any provision of this Agreement is invalidated by a court of competent jurisdiction, then all of the remaining provisions of this Agreement shall continue unabated and in full force and effect.

6. **ENTIRE AGREEMENT.** This Agreement contains the entire understanding and agreement between the parties and shall not be modified or suspended except upon express written consent of the parties to this Agreement. Employee represents and acknowledges that in executing this Agreement Employee does not rely and has not relied upon any representation or statement made by

the Employer or its agents, representatives or attorneys which is not set forth in this Agreement.

7. SUPERSEDES PAST AGREEMENTS. Except as expressly provided herein, this Agreement supersedes and renders null and void any previous employment agreements or contracts, whether written or oral, between Employee and the Employer; however, the non-compete agreement, the confidentiality agreement, and the Ownership of Executive Developments provisions contained in Sections 4, 5 and 7 of the Employment Agreement with the Employer will remain in full force and effect.

8. GOVERNING LAW. This Agreement shall be governed by the laws of the State of Florida.

9. ATTORNEY'S FEES. In any action brought to enforce this Agreement, the party in whose favor a judgment or decree has been rendered shall be entitled to recover costs and attorney's fees expended in any action to enforce the terms of this Agreement (including seeking injunctive relief or rescission), or to defend a claim, lawsuit or other type of action which has been waived herein from the non-prevailing party.

10. VOLUNTARY AND KNOWING. Employee enters into this Agreement knowingly and voluntarily and acknowledges that he has read and understands the language of this Agreement. Employee further acknowledges that he was given an opportunity to consider this Agreement and advised to consult an attorney.

IN WITNESS WHEREOF, and intending to be legally bound, the Employer, by its authorized representative, and Employee, execute this Employment Separation Agreement, Waiver and Release, by signing below voluntarily and with full knowledge of the significance of all its provisions.

**PLEASE READ CAREFULLY. THIS EMPLOYMENT SEPARATION AGREEMENT, WAIVER AND**

**RELEASE INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.**

Executed at 100 N. Tampa Street, Ste. 3900, Tampa, FL 33602 this 9th day of November 2001.

*/S/ Jenna R. Nelson*

*/S/ Mitchell Nelson*

-----  
*Witness as to Employee*

-----  
*Mitchell Nelson*

Executed at 100 N. Tampa Street, Ste. 3900, Tampa, FL 33602 this 9th day of November 2001.

**SYKES ENTERPRISES, INCORPORATED**

*/S/ Melissa Wright*

*/S/ Jenna R. Nelson*

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*Witness as to Employer*

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*Jenna R. Nelson*

EXHIBIT NUMBER - 21.1

**SYKES ENTERPRISES, INCORPORATED**  
**LIST OF SUBSIDIARIES**

As of December 31, 2001, the Registrant directly or indirectly owned the following subsidiaries. Certain subsidiaries, which in the aggregate do not constitute significant subsidiaries, may be omitted.

Sykes Realty, Inc.	United States
Sykes Enterprises Delaware, Inc.	United States
Sykes Enterprises - South Africa, Inc.	United States
Sykes Enterprises of Canada, Inc.	Canada
Sykes Financial Services, Inc.	United States
SEI Technical Services, Ltd.	Scotland
McQueen International Incorporated	United States
Sykes E-Commerce, Incorporated	United States
Sykes Latin America, S.A.	Costa Rica
Sykes Enterprises Incorporated, S.L.	Spain
McQueen International Limited	Scotland
McQueen Europe Limited	Scotland
Sykes Netherlands B.V.	The Netherlands
McQueen Skandinavian AB	Sweden
McQueen International B.V.	The Netherlands
Sykes Asia Inc.	The Philippines
Sykes France S.A. (f/k/a McQueen France S.A.)	France
Sykes Europe Limited	Scotland
McQueen Graphics Limited	Scotland
Printsoft Limited	Scotland
McQueen Direct Limited	Scotland
McQueen ESOT Trustees Limited	Scotland
McQueen Integrated Manufacturing Services Limited	Scotland
Link Network Limited	Scotland
Sykes Holdings of Belgium B.V.B.A.	Belgium
Sykes Belgium N.V. (f/k/a Translation, Fulfillment & Communication, N.V. ("Traffic"))	Belgium
Sykes Global Holdings, LLC	United States
Sykes LP Holdings, LLC	United States
Sykes Investments CV	The Netherlands
Sykes Enterprises Incorporated Holdings B.V.	The Netherlands
Sykes Datasvar Support AB	Sweden
TwinPoint AB	Sweden
Sykes International Holdings BV	The Netherlands
Sykes Canada Corporation (f/k/a Oracle Service Networks Corporation)	Canada
248 Pall Mall (London) Inc.	Canada
Station Park Fitness Club Inc.	Canada
Clinidata Incorporated	Canada
Sykes Enterprises GmbH	Germany
Sykes Enterprises Hamburg Hannover GmbH & Co. KG	Germany
Sykes Enterprises Verwaltungs und Management GmbH	Germany
Heidi Fabinyi Telemarketing Und Kommunikationskonzepte GmbH & Co. KG	Germany
Sykes Verwaltungsgesellschaft mgH	Germany
Sykes Enterprises Support Services B.V. & Co. KG	Germany
Sykes Enterprises Management GmbH	Germany
Sykes Enterprises Verwaltungs und Beteiligungsgellschaft mbH	Germany
Sykes Enterprises Bochum GmbH & Co. KG	Germany
Sykes Enterprises Wilhemsclaven GmbH & Co. KG	Germany
TST Tele Service Team, GmbH	Germany
T.O.P. Teleshopping, GmbH	Germany
Sykes Enterprises Incorporated BV	The Netherlands
Sykes Enterprises Istanbul Limited Sirket	Turkey
Sykes Information Technology China (Shanghai) Co. Ltd.	Peoples Republic of China
Sykes Enterprises Italy S.r.L	Italy
Sykes Enterprises, Inc. Kft. Budapest	Hungary
Sykes Central Europe Kft	Hungary
Sykes Finland Oyin	Finland

**EXHIBIT 23.1**

**INDEPENDENT AUDITORS' CONSENT**

We consent to the incorporation by reference in Registration Statement Nos. 333-23681, 333-76629, 333-88359, and 333-73260 on Forms S-8 of our report dated February 14, 2002, appearing in this Annual Report on Form 10-K of Sykes Enterprises, Incorporated for the year ended December 31, 2001.

*/s/ Deloitte & Touche LLP*

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*Tampa, Florida*

*March 15, 2002*

## EXHIBIT 23.2

### Consent Of Independent Certified Public Accountants

Board of Directors and Stockholders  
Sykes Enterprises, Incorporated

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-23681) pertaining to the Sykes Enterprises, Incorporated 1996 Employee Stock Option Plan, 1996 Non-Employee Director Stock Option Plan and 1999 Non-Employee Directors' Fee Plan, in the Registration Statement (Form S-8 No. 333-76629) pertaining to the Sykes Enterprises, Incorporated 1997 Management Incentive Stock Option Plan, in the Registration Statement (Form S-8 No. 333-88359) pertaining to the Sykes Enterprises, Incorporated 1999 Employee Stock Purchase Plan and in the Registration Statement (Form S-8 No. 333-73260) pertaining to the Sykes Enterprises, Incorporated 2001 Equity Incentive Plan and the Sykes Enterprises, Incorporated 2000 Stock Option plan of our report dated February 15, 2001 (except for Note 1, as to which the date is July 26, 2001), with respect to the consolidated financial statements and schedule of Sykes Enterprises, Incorporated included in the Annual Report (Form 10-K) for the year ended December 31, 2001.

*/s/ Ernst & Young LLP*

*Tampa, Florida  
March 15, 2002*

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