

SYKES ENTERPRISES INC

Form DEF 14A

April 20, 2007

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

**SCHEDULE 14A**

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

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**Sykes Enterprises, Incorporated**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No Fee Required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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**TABLE OF CONTENTS**

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
PROXY STATEMENT FOR 2007 ANNUAL MEETING OF SHAREHOLDERS  
SHAREHOLDERS ENTITLED TO VOTE  
PROPOSAL 1:  
ELECTION OF DIRECTORS  
DIRECTORS STANDING FOR ELECTION AT THE 2007 ANNUAL MEETING CLASS II TERM  
EXPIRES AT THE 2010 ANNUAL MEETING  
DIRECTORS WHOSE TERMS OF OFFICE CONTINUE CLASS I TERM EXPIRES AT THE 2008  
ANNUAL MEETING  
CLASS III TERM EXPIRES AT THE 2009 ANNUAL MEETING  
CORPORATE GOVERNANCE  
MEETINGS AND COMMITTEES OF THE BOARD  
EXECUTIVE COMPENSATION Compensation Discussion and Analysis  
COMPENSATION AND HUMAN RESOURCE DEVELOPMENT COMMITTEE REPORT  
SUMMARY COMPENSATION TABLE  
GRANTS OF PLAN-BASED AWARDS  
OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END  
OPTION EXERCISES AND STOCK VESTED  
PENSION BENEFITS  
NONQUALIFIED DEFERRED COMPENSATION  
EQUITY COMPENSATION PLAN INFORMATION  
POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL  
EMPLOYMENT AGREEMENTS  
DIRECTOR COMPENSATION  
SECURITY OWNERSHIP  
PROPOSAL 2 RATIFICATION OF THE APPOINTMENT OF INDEPENDENT AUDITORS  
AUDIT COMMITTEE DISCLOSURE  
SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE  
DEADLINE FOR RECEIPT OF SHAREHOLDER PROPOSALS  
OTHER MATTERS

**400 North Ashley Drive  
Tampa, Florida 33602**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD MAY 23, 2007**

To the Shareholders of Sykes Enterprises, Incorporated:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders (the Annual Meeting ) of Sykes Enterprises, Incorporated (the Company ) will be held at the Tampa Marriott Waterside, 700 South Florida Avenue, Tampa, Florida, on Wednesday, May 23, 2007, at 9:00 a.m., Eastern Daylight Savings Time, for the following purposes:

1. To elect 4 directors to hold office until the 2010 Annual Meeting of Shareholders;
2. To ratify the appointment of Deloitte & Touche LLP as independent auditors of the Company; and

3. To transact any other business as may properly come before the Annual Meeting.

Only shareholders of record as of the close of business on April 4, 2007, will be entitled to vote at the Annual Meeting or any adjournment or postponement of the Annual Meeting. Information relating to the matters to be considered and voted on at the Annual Meeting is set forth in the proxy statement accompanying this Notice.

By Order of the Board of Directors,

James T. Holder  
*Secretary*

April 18, 2007

### **YOUR VOTE IS IMPORTANT**

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

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**400 North Ashley Drive  
Tampa, Florida 33602**

**PROXY STATEMENT  
FOR  
2007 ANNUAL MEETING OF SHAREHOLDERS**

This Proxy Statement is furnished in connection with the solicitation of proxies on behalf of the Board of Directors of Sykes Enterprises, Incorporated (the Company) for the Annual Meeting of Shareholders (the Annual Meeting) to be held at the Tampa Marriott Waterside, 700 South Florida Avenue, Tampa, Florida, on Wednesday, May 23, 2007, at 9:00 a.m., Eastern Daylight Savings Time, or any adjournment or postponement of the Annual Meeting.

This Proxy Statement and the annual report to shareholders of the Company for the year ended December 31, 2006, are first being mailed on or about April 20, 2007, to shareholders entitled to vote at the Annual Meeting.

**SHAREHOLDERS ENTITLED TO VOTE**

The record date for the Annual Meeting is April 4, 2007. Only shareholders of record as of the close of business on the record date are entitled to notice of the Annual Meeting and to vote at the Annual Meeting. As of the record date, 40,619,419 shares of common stock were outstanding and entitled to vote at the Annual Meeting.

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

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

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

filing with the Secretary of the Company written notice of revocation,

submitting a duly executed Proxy bearing a later date than the previous Proxy, or

appearing at the Annual Meeting and voting in person.

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

The cost of solicitation of Proxies by mail on behalf of the Board of Directors will be borne by the Company. Proxies also may be solicited by personal interview or by telephone by directors, officers, and other employees of the Company

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without additional compensation. The Company also has made arrangements with brokerage firms, banks, nominees, and other fiduciaries that hold shares on behalf of others to forward proxy solicitation materials to the beneficial owners of such shares. The Company will reimburse such record holders for their reasonable out-of-pocket expenses.

**PROPOSAL 1:**

**ELECTION OF DIRECTORS**

The Company's Board of Directors currently is comprised of 11 individuals, and is divided into three classes (designated CLASS I, CLASS II, and CLASS III), as nearly equal in number as possible, with each class serving a three-year term expiring at the third annual meeting of shareholders after its election. The term of the four current CLASS II directors will expire at the Annual Meeting. The Company's Board of Directors, upon the recommendation of the Nominating and Corporate Governance Committee, has nominated Paul L. Whiting, Mark C. Bozek, Lt. Gen. Michael DeLong (Ret.) and Iain A. Macdonald to stand for re-election as CLASS II directors, whose terms will all expire at the 2010 Annual Meeting of Shareholders.

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

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

**DIRECTORS STANDING FOR ELECTION AT THE 2007 ANNUAL MEETING**

**CLASS II TERM EXPIRES AT THE 2010 ANNUAL MEETING**

Name	Age	Principal Occupation and Other Information
Paul L. Whiting	63	Paul L. Whiting was elected to the Board of Directors in December of 2003 and was elected Chairman in August, 2004. He is also a member of the Board's Audit Committee. Since 1997 Mr. Whiting has been President of Seabreeze Holdings, Inc., a privately held consulting and investment company. From 1991 through 1996, Mr. Whiting held various positions within Spalding & Evenflo Companies, Inc., including Chief Executive Officer. Mr. Whiting has held similar high-level finance and administration positions at Questor Corporation. Presently, Mr. Whiting sits on the boards of TECO Energy, Inc. and Tampa Banking Co. Mr. Whiting also serves on the boards of various civic organizations, including, among others, the Academy Prep Center of Tampa, Inc., a full scholarship, private college preparatory middle school for low-income children, where he is the Board President.





Name	Age	Principal Occupation and Other Information
Mark C. Bozek	45	Mark C. Bozek was elected to the Board of Directors in August of 2003 and is a member and Chairman of the Compensation and Human Resource Development Committee. Mr. Bozek is the President of Galgos Entertainment, a privately held film production company which he founded in January 2003. From March 1997 until February 2003, Mr. Bozek served as the Chief Executive Officer of HSN (f/k/a Home Shopping Network). From April 1993 until February 1996, Mr. Bozek served as the Vice President of Broadcasting for QVC. Mr. Bozek is an active member of the Young Presidents Organization and he previously served as a member of the National Retail Federation board for four years.
Lt. Gen. Michael P. DeLong (Retired)	61	Lt. General Michael DeLong (USMC Retired) was elected to the Board of Directors in September of 2003 and is a member of the Nominating and Corporate Governance Committee. Since October 2003, Lt. Gen. DeLong has served as Vice Chairman of Shaw Arabia Limited, President of Shaw CentCom Services, LLC, and Senior Vice President of the Shaw Group, Inc. From 1967 until his retirement on November 1, 2003, Lt. Gen. DeLong led a distinguished military career, most recently serving as the Deputy Commander, United States Central Command at MacDill Air Force Base, Tampa, Florida. He holds a Master's Degree in Industrial Management from Central Michigan University and an honorary Doctorate in Strategic Intelligence from the Joint Military Intelligence College. Lt. General DeLong graduated from the Naval Academy as an Engineer.
Iain A. Macdonald	62	Iain A. Macdonald was originally elected to the Board of Directors in 1998 and served until 2001, when he resigned for personal reasons. Mr. Macdonald was re-elected to the Board of Directors in May of 2004 and is a member of the Audit Committee. During the past 5 years, Mr. Macdonald has served on the boards of a series of technology-based business ventures which he has assisted to develop and obtain funding. He is currently Chairman of Yakara plc, a developer of SMS software solutions and Realise Ltd., an internet systems integrator, both of which are located in Scotland. He is also on the Boards of Northern AIM VCT, a Scottish venture capital investment fund and the Dunedin Canmore Housing Association. Prior to joining the Company's Board in 1998, Mr. Macdonald served as a director of McQueen International LTD. from 1996 until its acquisition by the Company.

**DIRECTORS WHOSE TERMS OF OFFICE CONTINUE**

**CLASS I TERM EXPIRES AT THE 2008 ANNUAL MEETING**

<b>Name</b>	<b>Age</b>	<b>Principal Occupation and Other Information</b>
H. Parks Helms	71	<p>H. Parks Helms has served as a director of the Company since its inception in 1977 and is a member and Chairman of the Nominating and Corporate Governance Committee. Mr. Helms is President and Managing Partner of the law firm of Helms, Henderson &amp; Associates, P.A., in Charlotte, North Carolina and has been with the firm, and its predecessor firm, Helms, Cannon, Henderson &amp; Porter, P.A. for more than the past five years. Mr. Helms has held numerous political appointments and elected positions, including as a member of the North Carolina House of Representatives. He currently is Chairman of the Mecklenburg County, North Carolina Board of County Commissioners.</p>
Linda McClintock-Greco, M.D.	52	<p>Dr. Linda McClintock-Greco is currently the Medical Director and President of Age-Less Medicine; a concept focusing on quality of life medicine. Dr. McClintock-Greco specializes in age management, weight management, Botox, and Restylane enhancements, body sculpting with mesotherapy, medical microdermabrasion, medical grade peels and DNA Stem Cell applications. She currently appears as a health team correspondent for Bay News 9 television in Tampa, Florida. From 1998 through 2005, Dr. McClintock-Greco was the medical director of Greco and Associates Consulting, Inc., a firm that dealt primarily with health care issues from a national and international prospective. From 1994 to 1998 Dr. McClintock-Greco served as Medical Director of Health Ease, a medical plan owned by Tampa General Hospital. In addition to her duties as Medical director, in 1996 she was promoted to Chief Executive Officer of the plan and served in that capacity until 1998. From February 1993 to August 1994, Dr. McClintock-Greco served as the Associate Medical Director for Humana Health Plan. From 1986 to 1993 Dr. McClintock-Greco was in the private practice of pediatric medicine in Houston, Texas. Dr. McClintock-Greco has served as a volunteer for many charitable organizations including the American Red Cross, Hillsborough County Crisis Center, American Cancer Associations and the Museum of Science and Industry in Tampa. Dr. McClintock-Greco currently Co-Chairs the Friends of the Tampa Police Department Community Foundation.</p>



Name	Age	Principal Occupation and Other Information
James K. (Jack) Murray, Jr.	71	Mr. Murray was elected to the Board of Directors in May 2005 and is a member of the Compensation and Human Resource Development Committee. During the past fifteen years, Mr. Murray has served as Chairman of Murray Corporation, a private venture capital enterprise based in Tampa, Florida. In 1970, Mr. Murray was one of the founders of a company that is today HealthPlan Services, Inc. and PlanVista, Inc., which was acquired by The Dun & Bradstreet Corporation (NYSE:DNB) in 1978. From 1978 through 1993, Mr. Murray served in various capacities for Dun & Bradstreet Corporation, including President of Dun & Bradstreet Credit Services, and from 1990 through 1993, served in various capacities including President, principal executive officer and Chairman for the Reuben H. Donnelley Corp., a publisher of telephone yellow pages. In 1994, Mr. Murray and several other financial partners, acquired HealthPlan Services from Dun & Bradstreet. In May, 1995, HealthPlan Services became a public company and was listed on the New York Stock Exchange. Mr. Murray retired from HealthPlan Services in 2000. Mr. Murray currently serves as a Trustee of Berkeley Preparatory School, and Chairman and Trustee of the St. John's Episcopal Church Foundation, all in Tampa, Florida. Mr. Murray also serves as a member of the Board of The General Theological Seminary in New York City.
James S. MacLeod	59	James S. MacLeod was elected to the Board of Directors in May 2005 and is a member of the Compensation and Human Resource Development Committee. Mr. MacLeod has served as Managing Director of CoastalStates Bank in Hilton Head Island, South Carolina since February, 2004. Mr. MacLeod also serves on the Board of Directors of CoastalStates Bank and CoastalSouth Bancshares, its holding company. From June, 1982 to February, 2004 he held various positions at Mortgage Guaranty Insurance Corp in Milwaukee, Wisconsin, the last 7 years serving as its Executive Vice President. Mr. MacLeod has a Bachelor of Science degree in Economics from the University of Tampa, a Master of Science in Real Estate and Urban Affairs from Georgia State University and a Masters in City Planning from the Georgia Institute of Technology. Mr. MacLeod is currently a Trustee of the University of Tampa, Hilton Head Preparatory School and the Allianz Funds.

**CLASS III TERM EXPIRES AT THE 2009 ANNUAL MEETING**

Name	Age	Principal Occupation and Other Information
Charles E. Sykes	44	Charles E. Sykes was elected to the Board of Directors in August, 2004 to fill the vacancy created by the retirement of the Company's founder and former Chairman, John H. Sykes. Mr. Charles Sykes joined the Company in September, 1986 and has served in numerous capacities throughout his years with the Company. Mr. Charles Sykes was appointed as Vice President of Sales, North America in 1999 and between the years of 2000 to 2003 served as Group Executive, Sr. Vice President of Marketing and Global Alliances, and Senior Vice President of Global Operations. Mr. Sykes was appointed President and Chief Operating Officer in July, 2003 and was named President and Chief Executive Officer in August 2004. Mr. Sykes received his Bachelor of Science degree in mechanical engineering from North Carolina State University in 1985. He has served as a Board Member of America's Second Harvest of Tampa since 2004.
Furman P. Bodenheimer, Jr.	77	Furman P. Bodenheimer, Jr. was elected to the Board of Directors in 1991 and is a member of the Nominating and Corporate Governance Committee. Mr. Bodenheimer has been President and Chief Executive Officer of Zickgraf Enterprises, Inc. and Nantahala Lumber in Franklin, North Carolina for more than the past five years. Mr. Bodenheimer is retired as president of the First Citizens Bank & Trust Company in North Carolina, where he was employed for 30 years.
William J. Meurer	63	William J. Meurer was elected to the Board of Directors in October 2000 and is a member and Chairman of the Audit Committee. Previously, Mr. Meurer was employed for 35 years with Arthur Andersen LLP where he served most recently as the Managing Partner for Arthur Andersen's Central Florida operations. Since retiring from Arthur Andersen in 2000, Mr. Meurer has been a private investor and consultant. Mr. Meurer also serves on the Board of Trustees for St. Joseph's Baptist Health Care and as a member of the Board of Directors of the Heritage Family of Funds, Tribridge, Inc. and Cerebit Security, Inc.

**CORPORATE GOVERNANCE**

The Company maintains a corporate governance page on its website which includes key information about its corporate governance initiatives, including its Corporate Governance Guidelines, Code of Ethics, and charters for the committees of the Board of Directors. The corporate governance page can be found at [www.sykes.com/investors.asp](http://www.sykes.com/investors.asp), by clicking on Corporate Governance.

The Company's policies and practices reflect corporate governance initiatives that are compliant with the listing requirements of the Nasdaq Stock Market and the corporate governance requirements of the Sarbanes-Oxley Act of 2002, including:

the Board of Directors has adopted clear corporate governance policies;

a majority of the board members are independent of the Company and its management;

all members of the key board committees the Audit Committee, the Compensation and Human Resource Development Committee and the Nominating and Corporate Governance Committee are independent;

the independent members of the Board of Directors meet regularly without the presence of management;

the Company has adopted a code of ethics that applies to all directors, officers and employees which is monitored by its Nominating and Corporate Governance Committee;

the charters of the Board committees clearly establish their respective roles and responsibilities; and

the Company's Audit Committee has established procedures for the receipt, retention and treatment, on a confidential basis, of complaints received by the Company, including the Board and the Audit Committee, regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters. These procedures are described under Communications With Our Board below.

## **Certain Relationships and Related Person Transactions**

### **Review and Approval of Related Person Transactions.**

In order to ensure that material transactions and relationships involving a potential conflict of interest for any executive officer or director of the Company are in the best interests of the Company, under the Code of Ethics adopted by the Board of Directors for all of our employees and directors, all such conflicts of interest are required to be reported to the Board of Directors, and the approval of the Board of Directors must be obtained in advance for the Company to enter into any such transaction or relationship. Pursuant to the Code, no officer or employee of the Company may, on behalf of the Company, authorize or approve any transaction or relationship, or enter into any agreement, in which such officer or any member of his or her immediate family may have a personal interest without such Board approval. Further, no officer or employee of the Company may, on behalf of the Company, authorize or approve any transaction or relationship, or enter into any agreement, if they are aware that an executive officer or a director of the Company, or any member of any such person's family, may have a personal interest in such transaction or relationship, without such Board approval.

The Company's Audit Committee reviews all conflict of interest transactions involving executive officers and directors of the Company, pursuant to its charter.

In the course of their review of a related party transaction, the Board and the Audit Committee considers:

the nature of the related person's interest in the transaction;

the material terms of the transaction, including, without limitation, the amount and type of transaction;

the importance of the transaction to the Company;

the importance of the transaction to the related person;

whether the transaction would impair the judgment of the director or executive officer to act in the best interests of the Company; and



any other matters the Board or Committee deems appropriate.

Any member of the Board or the Audit Committee who has a conflict of interest with respect to a transaction under review may not participate in the deliberations or vote respecting approval of the transaction, provided, however, that such director may be counted in determining the presence of a quorum.

**Related Party Transactions.**

During the year ended December 31, 2006, the Company paid \$365,816 to JHS Leasing of Tampa, Inc., an entity owned by Mr. John H. Sykes, former Chairman of the Board and Chief Executive Officer and current principal shareholder, for the use of its corporate aircraft. The lease of the aircraft is pursuant to a written agreement which has been approved by the Audit Committee and the Board. On a quarterly basis, the Audit Committee reviews a report which provides the details of each use of this aircraft by management, including the business purpose, the passengers, and the

destination of each flight as well as the cost to the Company, to determine that each such use is in accordance with Company policy.

### ***Director Independence***

In accordance with NASDAQ rules, the Board affirmatively determines the independence of each Director and nominee for election as a Director in accordance with guidelines it has adopted, which include all elements of independence set forth in the NASDAQ listing standards. In conducting its evaluation of Mr. Whiting, the Board considered the Company's consulting engagement of Mr. Whiting's adult son, for which the compensation during each of the past two years has not exceeded \$60,000. In conducting its evaluation of Mr. Macdonald, the Board considered the business the Company conducted with Yakara, plc, a company that supplies interactive text response solutions that automate inbound and outbound customer contacts. Mr. Macdonald serves as Chairman of the Board of Yakara, plc. The Board determined that the business conducted with Yakara, plc was not material. The Board has determined that neither of these arrangements are of a level requiring disclosure under SEC rules and do not affect the independence of the subject Board members. Based upon these standards, at its meeting held on March 29, 2007, the Board determined that each of the following non-employee Directors is independent and has no material relationship with the Company, except as a Director and stockholder of the Company:

- |                                    |                                |
|------------------------------------|--------------------------------|
| (1) Paul L. Whiting                | (6) Iain A. Macdonald          |
| (2) F. P. Bodenheimer, Jr.         | (7) James S. MacLeod           |
| (3) Mark C. Bozek                  | (8) Linda McClintock-Greco, MD |
| (4) Lt. Gen. Michael DeLong (Ret.) | (9) William J. Meurer          |
| (5) H. Parks Helms                 | (10) James K. Murray, Jr.      |

In addition, based on such standards, the Board affirmatively determined that Charles E. Sykes is not independent because he is the President and Chief Executive Officer of the Company.

### ***Nominations for Directors***

The Nominating and Corporate Governance Committee is responsible for screening potential director candidates and recommending qualified candidates to the board for nomination. In connection with carrying out its responsibility to identify individuals qualified to become members of the Board of Directors, the Committee has developed and recommend to the Board of Directors guidelines and criteria as to the desired qualifications of candidates for nomination for election as a director of the Company. In accordance with our Corporate Governance Guidelines, such criteria include considerations of age, skill, integrity, experience, time availability, appropriate listing standards, and applicable federal and state law and regulations.

The Committee may use various sources for identifying and evaluating nominees for Directors including referrals from our current Directors, management and shareholders, as well as input from third party executive search firms retained at the Company's expense. If the Committee retains one or more search firms, such firms may be asked to identify possible nominees, interview and screen such nominees and act as a liaison between the Committee and each nominee during the screening and evaluation process. The Committee will review the resume and qualifications of each candidate identified through any of the sources referenced above, and determine whether the candidate would add value to the Board. With respect to candidates that are determined by the Committee to be potential nominees, one or more members of the Committee will contact such candidates to determine the candidate's general availability and interest in serving. Once it is determined that a candidate is a good prospect, the candidate will be invited to meet the full Committee which will conduct a personal interview with the candidate. During the interview, the Committee will evaluate whether the candidate meets the guidelines and criteria adopted by the Board, as well as exploring any

special or unique qualifications, expertise and experience offered by the candidate and how such qualifications, expertise and/or experience may complement that of existing Board members. If the candidate is approved by the Committee, as a result of the Committee's determination that the candidate will be able to add value to the Board and the candidate expresses his or her interest in serving on the Board, the Committee will then review its conclusions with the Board and recommend that

the candidate be selected by the Board to stand for election by the shareholders or fill a vacancy or newly created position on the Board.

The four Class II directors whose terms expire at the Annual Meeting have all been nominated by the Committee to stand for re-election.

The Committee will consider qualified nominees recommended by shareholders who may submit recommendations to the Committee in care of our Corporate Secretary, 400 North Ashley Drive, Tampa, Florida 33602. Any shareholder nominating an individual for election as a director at an annual meeting must provide written notice to the Secretary of the Company, along with the information specified below, which notice must be received at the principal business office of the Company no later than the date designated for receipt of shareholders' proposals as set forth in the Company's proxy statement for its annual shareholders' meeting. If there has been no such prior public disclosure, then to be timely, a shareholder's nomination must be delivered to or mailed and received at the principal business office of the Company not less than 60 days nor more than 90 days prior to the annual meeting of shareholders; provided, however, that in the event that less than 70 days notice of the date of the meeting is given to the shareholders or prior public disclosure of the date of the meeting is made, notice by the shareholder to be timely must be so received not later than the close of business on the tenth day following the day on which such notice of the annual meeting was mailed or such public disclosure was made.

To be considered by the Committee, shareholder nominations must be accompanied by: (1) the name, age, business and residence address of the nominee; (2) the principal occupation or employment of the nominee for at least the last five years and a description of the qualifications of the nominee; (3) the number of shares of our stock that are beneficially owned by the nominee; and (4) any other information relating to the nominee that is required to be disclosed in solicitations for proxies for election of directors under Regulation 14A of the Exchange Act, together with a written statement from the nominee that he or she is willing to be nominated and desires to serve, if elected. Also, the shareholder making the nomination should include: (1) his or her name and record address, together with the name and address of any other shareholder known to be supporting the nominee; and (2) the number of shares of our stock that are beneficially owned by the shareholder making the nomination and by any other supporting shareholders. Nominees for director who are recommended by our shareholders will be evaluated in the same manner as any other nominee for director.

We may require that the proposed nominee furnish us with other information as we may reasonably request to assist us in determining the eligibility of the proposed nominee to serve as a director. At any meeting of shareholders, the Chairman of the Board may disregard the purported nomination of any person not made in compliance with these procedures.

### ***Communications with our Board***

Shareholders and other parties interested in communicating with our Board of Directors may do so by writing to the Board of Directors, Sykes Enterprises, Incorporated, 400 N. Ashley Drive, Tampa, Florida 33602. Under the process for such communications established by the Board of Directors, the Senior Vice President and General Counsel of the Company reviews all such correspondence and regularly forwards to all members of the Board a summary of the correspondence. Directors may at any time review a log of all correspondence received by the Company that is addressed to the Board or any member of the Board and request copies of any such correspondence. Correspondence that, in the opinion of the Sr. Vice President and General Counsel, relates to concerns or complaints regarding accounting, internal accounting controls and auditing matters is summarized and the summary and a copy of the correspondence is forwarded to the Chair of the Audit Committee. Additionally, at the direction of the Audit Committee, the Company has established a worldwide toll free hotline administered by an independent third party through which employees may make anonymous submissions regarding questionable accounting or auditing matters.

Reports of any anonymous submissions are sent to the Chairman of the Audit Committee and the Sr. Vice President and General Counsel of the Company.

## MEETINGS AND COMMITTEES OF THE BOARD

### The Board

Each Director is expected to devote sufficient time, energy and attention to ensure diligent performance of his or her duties and to attend all Board, committee and stockholders meetings. The Board met six times during 2006, of which four were regularly scheduled meetings and two were unscheduled meetings. All Directors attended at least 75% of the meetings of the Board and of the committees on which they served during the fiscal year ended December 31, 2006. All of the Directors attended the 2006 Annual Meeting of Stockholders on May 23, 2006.

### Committees of the Board

The board has three standing committees to facilitate and assist the Board in the execution of its responsibilities. The committees are the Audit Committee, the Compensation and Human Resource Development Committee and the Nominating and Corporate Governance Committee. In accordance with NASDAQ Stock Market and Securities and Exchange requirements, all the committees are comprised solely of non-employee, independent Directors. Charters for each committee are available on the Company's website at [www.sykes.com](http://www.sykes.com) by first clicking on Investors and then on Corporate Governance. The charter of each committee is also available in print to any stockholder who requests it. The table below shows membership for the entire year 2006 for each of the standing Board committees.

<b>Audit Committee</b>	<b>Nominating and Corporate Governance Committee</b>	<b>Compensation and Human Resource Development Committee</b>
William J. Meurer, Chair Iain A. Macdonald Paul L. Whiting	H. Parks Helms, Chair Dr. Linda McClintock-Greco Furman P. Bodenhiemer, Jr. Lt. Gen. Michael P. DeLong (Ret)	Mark C. Bozek, Chair James K. Murray, Jr. James S. MacLeod

*Audit Committee.* The Audit Committee serves as an independent and objective party to monitor the Company's financial reporting process and internal control system. The Committee's responsibilities, which are discussed in detail in its charter, include, among other things, the appointment, compensation, and oversight of the work of the Company's independent auditing firm, as well as reviewing the independence, qualifications, and activities of the auditing firm. The Company's independent auditing firm reports directly to the Committee. All proposed transactions between the Company and the Company's officers and directors, or an entity in which a Company officer or director has a material interest, are reviewed by the Committee, and the approval of the Committee is required for such transactions. During the year ended December 31, 2006, the Committee held eleven meetings. The Board has determined that Mr. Meurer is an audit committee financial expert within the meaning of the rules of the Securities and Exchange Commission. The Committee is governed by a written charter, which is reviewed on an annual basis. A copy of the current Audit Committee Charter is available on the Company's website at [www.sykes.com](http://www.sykes.com) by first clicking on Investors and then on Corporate Governance.

*Nominating and Corporate Governance Committee.* The purpose of the Nominating and Corporate Governance Committee is to: (a) identify individuals qualified to become members of the Board of Directors of the Company and its subsidiaries; (b) recommend to the Board of Directors director nominees for election at the annual meeting of shareholders or for election by the Board of Directors to fill open seats between annual meetings; (c) recommend to the Board of Directors committee appointments for directors; (c) develop and recommend to the Board of Directors corporate governance guidelines applicable to the Company; and (d) monitor the Company's compliance with good

corporate governance standards. During the year ended December 31, 2006, the Nominating and Corporate Governance Committee held four meetings. The Committee is governed by a written charter, which is reviewed on an annual basis. A copy of the current Nominating and Corporate Governance Committee Charter is available on the Company's website at [www.sykes.com](http://www.sykes.com) by first clicking on "Investors" and then on "Corporate Governance."

*Compensation and Human Resource Development Committee.* The Compensation and Human Resource Development Committee's responsibilities, which are discussed in detail in its charter, include, among other things, the establishment of the base salary, incentive compensation and any other compensation for the Company's President and Chief Executive Officer, and to review and approve the President and Chief Executive Officer's recommendations for the compensation of

certain executive officers reporting to him. This Committee also monitors the Company's management incentive cash and equity based bonus compensation arrangements and other executive officer benefits, and evaluates and recommends the compensation policy for the Directors to the full Board for consideration. The Committee also determines compensation and benefits of the Company's non-employee directors. The Company engaged Mercer Human Resource Consulting to conduct a review of its total compensation program for executive officers and to assist the Committee in establishing a competitive compensation program for its executive officers that motivates performance and that is aligned with the interests of its stockholders. This Committee is also responsible for providing oversight and direction regarding the Company's employee health and welfare benefit programs as well as training and development. During 2006, the Committee held four meetings. The Committee is governed by a written charter, which is reviewed on an annual basis. A copy of the current Compensation and Human Resource Development Committee Charter is available on the Company's website at [www.sykes.com](http://www.sykes.com) by first clicking on "Investors" and then on "Corporate Governance".

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

**None**



## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

#### **Overview of Compensation Program**

The Compensation and Human Resource Development Committee (referred to in this Analysis as the Committee) of the Board has been charged with the responsibility for establishing, implementing and continually monitoring adherence with the Company's compensation philosophy. The Committee's goal is to ensure that the form and amount of compensation and benefits paid to its senior leadership team, specifically including the named executive officers, is fair, reasonable and sufficiently competitive to attract and maintain high quality executives who can lead the Company to achieve the goals that the Board believes will maximize shareholder value. Executive compensation matters are first considered by the Committee, which then makes recommendations to the Board, which then considers and approves or disapproves the Committee's recommendations. As it relates to the compensation of the Company's CEO, the Committee meets first with the CEO to obtain information regarding performance, objectives and expectations, discusses the matter with the Board and then makes a final compensation determination.

#### **Compensation Philosophy and Objectives**

The Committee believes that the most effective executive compensation program is one that is designed to enhance shareholder value by attracting and retaining the talent and experience best suited to manage, guide and build our business. This requires fair and competitive base salaries and benefits designed to attract qualified executives, as well as carefully designed bonus compensation strategies designed to link the interests of the executives to the long-term interests of our shareholders. In evaluating and determining the complete compensation packages for the Company's executive officers generally, and the named executive officers specifically, the Committee reviews relevant market data provided by its consultant which includes an evaluation of the multiple components of the executive compensation and benefit packages paid to similarly situated executives of similarly situated peer companies. The Committee believes that the incentive bonus component of the executive compensation program has the potential to significantly influence the achievement of strategic goals of the Company, but to do that, must be carefully designed with those goals in mind. The Committee believes that this is best accomplished by rewarding the Company's executives with a combination of cash and a meaningful component of stock-based compensation for the Company's achievement of specific and pre-determined annual, long-term and strategic goals, and to withhold payment of that component of compensation if those goals are not achieved.

#### **Setting Executive Compensation**

Based on the foregoing objectives, the Committee has structured the Company's annual and long-term incentive-based cash and non-cash executive compensation program to motivate executives to achieve the business goals set by the Company and reward the executives for achieving those goals. The Committee meets on at least an annual basis with the Chief Executive Officer and representatives of Human Resources which together recommends a compensation outline for the executive management team other than the Chief Executive Officer. In furtherance of these goals, the Company, at the direction of the Committee, engaged Mercer Human Resource Consulting, a division of Marsh & McLennan Companies ( Mercer ), to conduct a review of its total compensation program for all executive officers specifically including the President and Chief Executive Officer and the Chief Financial Officer as well as the other named executive officers. Mercer provided the Committee with relevant market data and alternatives to consider when making compensation decision for the President and Chief Executive Officer, and on the recommendations being made by management for executives other than the President and Chief Executive Officer.



In making its compensation decisions for 2006, the Committee compared each element of total compensation against a peer group of ten (10) other publicly traded companies which the Committee believes compete with the Company in the customer contact management segment and for executive talent as well (the Compensation Peer Group). The composition of the Compensation Peer Group will be reviewed annually to determine whether there are new companies which should be added, or existing companies which should be deleted. The other companies included in the Compensation Peer Group and used as the basis for comparison and analysis by the Committee for fiscal year 2006 were:

PeopleSupport, Inc.  
West Corporation  
Affiliated Computer Services, Inc.  
Convergys Corporation  
ICT Group, Inc.

StarTek, Inc.  
TechTeam Global, Inc.  
NCO Group, Inc.  
TeleTech Holdings, Inc.  
APAC Customer Services, Inc.

As a result of the Committee's belief that incentive compensation for its executives should be directly related to the Company's performance, the Committee requested that Mercer perform a comparison of 7 specific performance metrics of the Company against the Compensation Peer Group. The performance metrics measured were (a) 1-year sales growth, (b) 1-year diluted earnings per share growth, (c) 1-year free cash flow growth, (d) EBITDA margin, (e) operating income margin, (f) net profit margin, and (g) 3-year annualized total shareholder return. Based upon fiscal year end 2005 figures, the Company exceeded the Compensation Peer Group performance in four (4) of the seven (7) measured metrics. Based upon the measures and weightings used by Mercer in its analysis, the Company ranked third in overall performance out of all companies in the Compensation Peer Group.

When comparing aggregate total cash compensation paid by the Company in 2005 to its top five (5) highest paid proxy-named executive officers to that paid by the Compensation Peer Group, the Company ranked sixth (6<sup>th</sup>) out of the eleven. Current salaries of the Company's named executive officers, and the entire executive management team, are at an average of 80% of the 50<sup>th</sup> percentile of the Compensation Peer Group. When comparing aggregate total direct compensation paid by the Company in 2005 to its top five (5) highest paid proxy-named executive officers to that paid by the Compensation Peer Group, the Company ranked seventh (7<sup>th</sup>) out of the eleven. The Committee attributed the relatively low aggregate total direct compensation rankings of the Company in part to the fact that, except for matching contributions under the deferred compensation plan, the Company has not made equity-based long-term incentive awards to its executive officers for the past three years.

The Committee believes that it should generally set compensation of its executives in the general range of 80% to 120% of the 50<sup>th</sup> percentile of compensation paid to similarly situated executives of the companies comprising the Compensation Peer Group. However, variations from this objective may occur as dictated by the experience level of the individual and other market factors. The Committee recognizes, however, that long term, equity incentive compensation awards may lift the total direct compensation of its executives above the 50<sup>th</sup> percentile of the Compensation Peer Group, but if that occurs, it will be as a result of the Company's achievement of long term goals specifically targeted at increasing shareholder value.

A significant percentage of total compensation to our senior executives is allocated to performance-based incentives as a result of the philosophy mentioned above. There is no pre-established policy or target for the allocation between either cash and non-cash or short-term and long-term performance-based incentive compensation. Rather, the Committee reviewed the recommendations provided by Mercer based upon the peer group and industry standards, together with each of the senior executive's existing compensation and performance as relayed by the Chief Executive Officer, and requested that Mercer re-evaluate its recommendations based upon comments and suggestions

from the Committee. The revised recommendations of Mercer ultimately formed the basis of the Committee's senior executive compensation structure for 2006. Income from such incentive compensation is realized as a result of the performance of the Company or the individual, depending on the type of award, compared to established goals. During the three (3) years prior to 2006, the compensation granted by the Committee to our senior executives was almost exclusively in the form of cash. Beginning in 2006, the Committee has determined that to be effective over the long term, the compensation policy of the Company must require that a significant portion of total direct compensation be in the form of long-term equity incentive grants and, therefore, a significant percentage of total direct compensation to our executive officers in fiscal year 2006 was in the form of non-cash, long-term equity incentive awards.

## **Elements of Compensation**

The current compensation program for our executives includes several direct compensation components. Those components are base salary, annual cash incentive awards and equity-based incentive awards, which are currently granted in the form of performance based restricted stock (or restricted stock units), time-vested restricted stock and stock appreciation rights. Our executives are also permitted to participate in our 401(k) plan which is available to all employees, as well as our non-qualified executive deferred compensation plan. The purpose of the deferred compensation plan is to provide our executives with the ability to take advantage of tax deferred savings which may not be fully available to them under our 401(k) plan.

### ***Base Salary***

Base salary is designed to provide each executive with a fixed amount of annual compensation that is competitive with the marketplace. Having a certain level of fixed compensation provides stability which allows our executives to remain focused on business issues. Base salaries for the named executive officers are determined for each executive based on his or her position and responsibility by using market data provided to the Committee by Mercer. Base salary ranges of our executives are designed so that salary opportunities for a given position will be between 80% and 120% of the midpoint of the base salaries of similarly positioned executives in the Compensation Peer Group. During its review of base salaries for executives, the Committee primarily considers (a) the market data provided by Mercer, (b) internal review of the executive's compensation, both individually and relative to other officers, and (c) individual performance of the executive. Salary levels are typically considered annually as part of the Company's performance review process as well as upon a promotion or other change in job responsibility. Merit based increases to salaries of our executive leadership team, other than the President and Chief Executive Officer, are based on the Committee's assessment of the individual's performance, with input from the President and Chief Executive Officer.

### ***Performance-Based Annual Cash Incentive Compensation***

The annual cash incentive component of the total direct compensation paid to our executive leadership team is designed to award achievement of pre-determined annual corporate, and sometimes individual, performance goals. The annual incentive awards are designed to reward current performance by basing payment on the achievement of quantifiable performance measures that reflect contributions to the success of our business. The annual incentive program is intended to encourage actions by the executives that contribute directly to our operating and financial results. In fiscal year 2006, the annual cash incentive component of total direct compensation paid to the President and Chief Executive Officer, and all other executive officers (except for the Sr. Vice President, General Counsel and Secretary and the Sr. Vice President of Real Estate), was determined based solely upon the achievement of pre-determined corporate financial goals. The annual cash incentive component of total direct compensation paid to the Sr. Vice President, General Counsel and Secretary was determined based 50% upon the achievement of pre-determined corporate financial goals, and 50% upon the achievement of pre-determined individual performance goals. The annual cash incentive component of total direct compensation paid to the Sr. Vice President, Real Estate was based solely upon the achievement of pre-determined individual performance goals.

At the beginning of the year, the Committee sets minimum, target and maximum levels for the portion of the cash incentive component of total direct compensation that is determined by reference to corporate financial performance. Threshold performance represents the minimum performance that still warrants incentive recognition for that particular goal, and is paid at 50% of the target award level. Maximum performance represents the highest level likely to be attained and is paid at 150% of the target award level. No annual performance based cash incentive compensation determined by reference to corporate financial performance is paid to any executive of the Company if our financial results do not exceed the threshold determined for that year. At the beginning of each year, the

Committee also sets the award percentage tied to salary for the President and Chief Executive Officer and recommends an award percentage for each of the other members of the executive leadership team that they will receive if the performance goals are met. The Committee's goal in setting target award levels is to create a compensation program such that the potential incentive awards, when combined with each officer's base salary, will provide a fully competitive total cash compensation opportunity, with the portion of compensation at risk (i.e., the target award level) being reflective of the level of that officer's accountability for contributing to bottom line financial results, and the degree of influence that officer has over results. In setting these

percentages, the Committee considers these factors as well as data from the market assessment provided by Mercer. In 2006, the target award percentages were set at 75% of base salary for the President and Chief Executive Officer, 60% of base salary for the Chief Financial Officer, and between 30% and 40% of base salary for each of the other named executive officers and members of the executive leadership team.

For fiscal year 2006, the Committee established the target financial goal of the Company on which the annual performance based cash incentive compensation awards would be based as \$29,109,000 of consolidated earnings before taxes. The amount each named executive officer received in 2006 under our annual performance based cash incentive compensation program has been reported in the Summary Compensation Table in the Non-Equity Incentive Compensation column. In previous years, these amounts were reported under the bonus column of the predecessor to the Summary Compensation Table.

Each of the named executive officers for the fiscal year ended December 31, 2005, received the following payments in March 2006 as payment of the annual cash performance bonus earned for fiscal year 2005 performance.

Name	<b>2005 Annual Cash Performance Bonus</b>	
Charles E. Sykes	\$	338,125
W. Michael Kipphut	\$	248,738
James C. Hobby	\$	206,250
Lawrence Zingale	\$	-0-
David L. Pearson	\$	144,375

#### ***Performance-Based, Long-Term, Equity Incentive Compensation***

The long-term, performance-based equity incentive compensation component of total direct compensation for our executives is designed to encourage them to focus on long-term Company performance and provides an opportunity for executive officers and certain designated key employees to increase their stake in the Company through grants of the Company's common stock based on a three-year performance cycle. The Committee currently utilizes a combination of restricted stock (or restricted stock units for executives and key employees in foreign countries who would suffer unfavorable tax consequences due to local tax laws if they were to receive restricted stock) and stock appreciation rights (SARs). The Company has not issued stock options since 2003. By using a mix of restricted stock and SARs, the Company is able to compensate executives for sustained increases in the Company's stock performance. The restricted stock component is only earned when certain Company financial performance goals are attained, and the full value is maximized when the value of the Company's stock increases. The SARs component delivers value to the executive only when the value of the Company's stock increases. The Committee believes both of these components of performance-based long-term equity incentive compensation directly align the interests of the Company's executives with the interests of its shareholders. The Committee's goal in setting target long-term equity incentive award levels is to create a complete compensation program, such that the potential annual cash, and long-term equity incentive awards, when combined with each officer's base salary, will provide a fully competitive total compensation opportunity, with there being a significant portion of potential compensation at risk. In setting award percentages (which are tied to salary) the Committee considers the level of each officer's accountability for contributing to bottom line financial results, and the degree of influence that officer has over results, as well as data from the market assessment provided by Mercer.

The Committee first utilized this method of long-term equity incentives in early 2006 in setting the long-term compensation for the three-year performance cycle beginning in fiscal year 2005. In May, 2006 the Committee

established the target level of Company financial performance for the performance-based long-term equity incentive component of total direct compensation that will be used to determine awards to certain of the named executive officers and other executive officers for the three-year performance cycle beginning on January 1, 2005 and ending on December 31, 2007. For this three-year performance cycle, the awards will only be paid if the Company reaches the established target level of financial performance, and in that event, the payment will be made at 100% of the established awards. There is no opportunity for the participating executives to earn more than that amount under the long-term equity incentive component of compensation for this three-year measurement cycle. For the three-year performance cycle beginning in fiscal year 2005, the Committee made



awards of performance-based restricted stock (or restricted stock units, as the case may be) and cash only. The target award percentages were set at 60% of base salary for both the President and Chief Executive Officer and the Chief Financial Officer, and between 35% and 50% of base salary for each of the other named executive officers and members of the executive leadership team. Twenty five (25) percent of the full award value will be paid in cash to alleviate some of the tax burden associated with the delivery of the stock.

In May, 2006, the Committee also established minimum, target and maximum Company financial performance levels for the performance-based long-term equity incentive component of total direct compensation that will be used to determine awards to certain of the named executive officers, other executive officers and certain key employees for the three-year performance cycle beginning on January 1, 2006 and ending on December 31, 2008. Threshold performance represents the minimum performance that still warrants incentive recognition for that particular goal, and is paid at 80% of the target award level. Maximum performance represents the highest level likely to be attained and is paid at 150% of the target award level. None of the restricted stock awards will vest and be delivered to any executive of the Company if our financial results do not exceed the threshold determined for that three-year measurement period. For the three-year performance cycle beginning in fiscal year 2006, the Committee made awards of performance-based restricted stock (or restricted stock units as the case may be) and time vesting SARs. The target award percentages for performance based restricted stock were set at 133% of base salary for the President and Chief Executive Officer, 80% of base salary for the Chief Financial Officer, and between 20% and 67% of base salary for each of the other named executive officers, members of the executive leadership team and other key employees. The target award percentages for SARs were set at 67% of base salary for the President and Chief Executive Officer, 40% of base salary for the Chief Financial Officer, and between 20% and 33% of base salary for each of the other named executive officers and members of the executive leadership team. The target goal for two thirds of the performance-based restricted share awards was established by the Committee to be that income from operations of the Company, as reported in its audited Consolidated Statement of Operations, has increased during fiscal years 2006, 2007 and 2008 (measured as of December 31, 2008) at least in an amount equal to 10% compounded annual growth over the amount reported for the 2005 fiscal year. The target goal for one third of the performance-based restricted share awards is that gross revenue from operations of the Company, as reported in its audited Consolidated Statements of Operations, has increased during fiscal years 2006, 2007 and 2008 (measured as of December 31, 2008) at least in an amount equal to 4% compounded annual growth over the amount reported for the 2005 fiscal year. The SARS awards vest in equal one third amounts based upon the executive being employed by the Company on each of March 29, 2007, March 29, 2008 and March 29, 2009. The SARs awarded to executive officers represents the right to receive, on the respective dates set forth above, that number of shares of the Company's common stock determined by dividing (i) the total number of shares of stock subject to the SAR being exercised by the Participant, multiplied by the amount by which the fair market value of a share of the Company's common stock on the day the right is exercised exceeds the fair market value of a share of the Company's common stock on the date of grant of the SAR (the Spread), by (ii) the fair market value of a share of the Company's common stock on the exercise date.

The amount each named executive officer received in 2006 as performance-based long-term equity incentive compensation for both the three-year measurement periods beginning in 2005 and 2006 has been reported in the summary compensation table in the Equity Incentive Compensation column. For the three-year period prior to 2006, the Company did not award any performance-based long-term equity incentive awards.

### ***Executive Deferred Compensation***

Participation in the Executive Deferred Compensation Plan (the DC Plan) is limited to employees at the Director level and above within the Company's organizational structure (currently, in ascending order, Directors, Senior Directors, Vice Presidents, Senior Vice Presidents, and the President). Participants in the DC Plan may elect to defer any amount of base compensation and bonus. The Company matches a portion of amounts deferred by participants at the level of vice president and above on a quarterly basis as follows: 50% match on salary deferred, up to a total match of

\$12,000.00 per year for senior vice presidents and above and \$7,500.00 per year for vice presidents. No match is made on deferrals by other participants. The matching contributions made to the DC Plan by the Company are made in the form of Company common stock.

Compensation deferred by a participant while participating in the DC Plan is deferred until such participant's retirement, termination, disability or death, or a change in control of the Company, as defined in the DC Plan, and in such event is paid out to the participant or his beneficiary. Under current tax law, a participant does not recognize income with respect to deferred compensation until it is paid to him or her. Upon payment, the participant will recognize ordinary income in an amount equal to the sum of the cash and the fair market value of the shares of stock received, and the Company will be entitled to a deduction equal to the income recognized by the participant.

Distributions of the participants' deferred compensation and Company stock contributed as matching contributions is made as soon as administratively feasible six months after retirement or termination of employment, unless the participant dies or becomes disabled while still an employee, in which case both distributions are made as soon as administratively feasible. Alternatively, a participant may, at the time of initial participation in the DC Plan, elect to receive benefits under the DC Plan in the event of retirement or disability in 120 monthly installments.

In the event the participant terminates employment (for reasons other than death, disability or retirement) without participating in the DC Plan for three years, the matching contributions and earnings attributable thereto are forfeited. In the event that a participant terminates employment after three years, but less than five years of participation in the DC Plan, the participant forfeits 67% of the matching contribution and earnings. In the event a participant terminates employment after five years but less than seven years of participation in the DC Plan, the participant forfeits 33% of the matching contribution and earnings. In the event a participant terminates employment after seven years of participation in the DC Plan, the participant is entitled to retain all of the matching contribution and earnings.

In the event of a distribution of benefits as a result of a change in control, the Company will increase the benefit by an amount sufficient to offset the income tax obligations created by the distribution of benefits.

Participants forfeit undistributed matching contributions if the participant is terminated for cause as defined in the DC Plan or the participant enters into a business or employment which the Company's Chief Executive Officer determines to be in violation of any non-compete agreement between the participant and the Company.

### ***Other Elements of Compensation***

For our named executive officers other than Mr. Zingale, the amount of compensation shown under the Other Compensation column of the Summary Compensation Table represents less than 2% of their total compensation for the year. The amount of Other Compensation for Mr. Zingale is larger because it includes the payment of relocation expenses upon his hiring in January, 2006. These amounts represented mainly Company matches to our deferred compensation plan, excess group term life insurance premiums and additional compensation paid to executive employees related to health and welfare benefits. We also have change of control provisions in the employment agreements with our President and Chief Executive Officer, and our Chief Financial Officer, as well as in all of the equity incentive agreements with all of our executives and key employees. The change of control provisions in the two employment agreements are double-trigger arrangements, meaning that payments are only made if there is a change in control of the Company and the officer's employment is terminated without cause, or the officer terminates employment for good reason, as such terms are defined in their respective employment agreements. All of our employment agreements with the named executive officers, and the other executive officers, contain severance agreements ranging from one to three years in the event of termination by the Company other than for cause. These agreements are discussed in greater detail on page 25 under Potential Payments on Termination or Change of Control. We believe that providing these agreements helps increase our ability to attract, retain and motivate highly qualified management personnel and encourage their continued dedication without distraction from concerns over job security relating, among other things, to a change in control of the Company.

***Perquisites and Other Personal Benefits***

The Company provides named executive officers with perquisites and other personal benefits that the Company and the Committee believe are reasonable and consistent with its overall compensation program to better enable the Company to attract and retain superior employees for key positions. The Committee periodically reviews the levels of perquisites and other personal benefits provided to named executive officers.

The named executive officers are permitted to fly in business class when traveling overseas on business and are permitted to attend sporting events utilizing company paid tickets that are not otherwise utilized in connection with business development.

## **Tax and Accounting Implications**

### ***Deductibility of Executive Compensation***

As part of its role, the Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code, which provides that the Company may not deduct compensation of more than \$1,000,000 that is paid to certain individuals. The Company believes that compensation paid under the management incentive plans is generally fully deductible for federal income tax purposes. However, in certain situations, the Committee may approve compensation that will not meet these requirements in order to ensure competitive levels of total compensation for its executive officers.

### ***Nonqualified Deferred Compensation***

On October 22, 2004, the American Jobs Creation Act of 2004 was signed into law, changing the tax rules applicable to nonqualified deferred compensation arrangements. The Company believes it is operating in compliance with the statutory provisions which were effective January 1, 2005. A more detailed discussion of the Company's nonqualified deferred compensation arrangements is provided on page 16 under the heading Executive Deferred Compensation.

### ***Accounting for Equity Based Compensation***

Beginning on January 1, 2006, the Company began accounting for stock-based payments, including those under its long-term incentive programs, in accordance with the requirements of FASB Statement 123(R).

## **Stock Ownership Guidelines**

The Board has adopted stock ownership guidelines for the named executive officers and other members of the senior management team, which vary by position from 150% to 400% of base salary. These guidelines, which allow the executives five (5) years beginning January 1, 2008 to acquire this amount of stock, were adopted in 2006. The Committee will review share ownership of the Company's executives on an annual basis to ensure that the executive officers are aware of where each stands in relation to the established guidelines. For purposes of the guidelines, stock ownership includes fully vested stock options, directly held common stock, time-vested restricted stock, performance shares and indirectly held shares that are considered beneficially owned under applicable SEC rules. We believe that these guidelines are appropriate to encourage our executive officers to hold a sufficient amount of our equity to create a mutuality of interest between our executive officers and our shareholders. These guidelines are aspirational in nature, but the Committee will review the status of officer stock ownership on an annual basis to monitor compliance.

## **COMPENSATION AND HUMAN RESOURCE DEVELOPMENT COMMITTEE REPORT**

The Compensation and Human Resource Development Committee of the Board of Directors has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation and Human Resource Development committee recommended to the Board that the compensation Discussion and Analysis be included in this Proxy Statement.

THE COMPENSATION AND HUMAN RESOURCE DEVELOPMENT COMMITTEE

Mark C. Bozek, Chairman  
James K. Murray, Jr.  
James S. MacLeod

**SUMMARY COMPENSATION TABLE**

The table below summarizes the total compensation paid to, or earned by, each of the named executive officers for the fiscal year ending December 31, 2006. The company has entered into employment agreements with each of the named executive officers which are summarized under the section entitled "Employment Agreements" below. When setting the total compensation for each of the named executive officers, the Committee considers all of the executive's current compensation, including equity and non-equity based compensation.

Except for the signing bonus paid to Mr. Zingale, the named executive officers were not entitled to receive payments which would be characterized as "Bonus" payments for the fiscal year ended December 31, 2006. Amounts listed under column (g), "Non-Equity Incentive Plan Compensation" were paid in accordance with parameters determined by the Committee at its March 15, 2006 meeting and were paid in March, 2007.

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h) Change in Pension Value and Non-Equity Incentive Plan Compensation	(i) Nonqualified Deferred Compensation	(j) All Other Compensation	Total
Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) (1)	Option Awards (\$) (2)	Non-Equity Incentive Plan Compensation (\$) (3)	Earnings (\$) (4)	(\$) (4)	(\$) (4)	(\$) (4)
Charles E. Sykes President and Chief Executive Officer	2006	518,990	0	321,413	86,705	590,103	0	14,144		1,531,355
Michael Kipphut Senior Vice President & Chief Financial Officer	2006	368,500	0	162,547	38,150	348,902	0	29,060		947,159
Lawrence R. Zingale(5) Senior Vice President - Global Sales and Client Management	2006	286,231	25,000	64,839	26,050	228,750	0	86,143		717,013
James C. Hobby Senior Vice President - Global Operations	2006	275,000	0	102,627	23,488	217,291	0	23,125		641,530
David L. Pearson Senior Vice President - Information Technology	2006	210,000	0	70,817	17,936	168,541	0	23,045		490,333

(1) The amounts in column (e) reflect the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2006, in accordance with Statement of Financial Accounting Standards No. 123R, "Share-Based Payments," of awards pursuant to long term incentive bonus programs established by the

Compensation and Human Resource Development Committee, and thus may include amounts from awards granted in and prior to 2006. Assumptions used in the calculation of these amounts are included in Note 20 to the Company's audited financial statements for the fiscal year ended December 31, 2006 included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 13, 2007.

- (2) The amounts shown in column (f) represent stock appreciation rights granted as part of long-term, equity-based incentive awards.
- (3) The amounts in column (g) reflect the cash awards to the named individuals pursuant to annual performance based incentive programs established by the Committee and discussed in more detail on page 14 under the heading Performance Based Annual Cash Incentive Compensation.
- (4) The amount shown in column (i) reflects for each named executive offer:

matching contributions allocated by the Company to each of the named executive officers pursuant to the Executive Deferred Compensation Plan described in more detail on page 16 under the heading Executive Deferred Compensation;



reimbursement for premiums attributable to increased coverage for vision, dental and group medical insurance benefits.

the cost of premiums for term life and disability insurance benefits;

the Company's matching contribution to the Sykes Enterprises, Incorporated Employees Savings Plan and Trust.

The amount in column (i) for Mr. Kipphut also includes a country club membership paid by the Company, and the amount in column (i) for Mr. Zingale includes relocation expenses.

(5) The amount in column (d) for Mr. Zingale represents a signing bonus paid at the inception of his employment in January, 2006.

### GRANTS OF PLAN-BASED AWARDS

The following table provides information about equity and non-equity awards granted to the named executives in 2006, including (i) the grant date, (ii) the estimated future payouts under the non-equity incentive plan awards, (iii) the estimated future payouts under equity incentive plan awards, which consist of shares of restricted stock, (iv) all other stock awards which consist of shares of the Company's stock contributed as matching contributions under the executive deferred compensation plan, (v) all other option awards, which consist of stock appreciation rights and the base price of those stock appreciation rights, and (vi) the fair value of the equity awards on the date of grant.

(a) Name	(b) 2006 Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			(i) All Other Stock Awards: Number of Shares or Units (#)(3)	(j) All Other Option Awards: Number of Securities Underlying Options (#)(4)	(k) Exercise or Base Price of Option Awards (\$/sh)	(l) Grant Date Fair Value of Stock and Option Awards (\$)
		(c) Threshold (\$)	(d) Target (\$)	(e) Maximum (\$)	(f) Threshold (#)	(g) Target (#)	(h) Maximum (#)				
Charles E. Sykes	3/29		72,800			20,000					291,200
	3/29				36,538	45,673	68,510		47,117	14.56	1,008,010
W. Michael Kipphut	3/29		45,500			12,500					182,000
	3/29				16,198	20,247	30,371		20,731	14.56	445,724
	3/31							412			5,842

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	6/30					111		1,794	
	9/30					88		1,791	
	12/31					125		2,203	
Lawrence R.									
Zingale	3/29		11,228	14,035	21,053		14,156	14.56	307,407
James C. Hobby	3/29	29,120		8,000					116,480
	3/29		10,124	12,655	18,982		12,764	14.56	277,170
	3/31					245			3,474
	6/30					198			3,200
	9/30					157			3,195
	12/31					118			2,082
David L. Pearson	3/29	29,120		8,000					154,954
	3/29		4,615	5,769	8,654		9,747	14.56	83,997
	3/31					846			11,996

(1) There was no threshold or maximum amounts for the non-equity incentive plan awards granted in 2006. The target amount shown in the chart above is an absolute target. These amounts are based on the individual's current salary and position.

- (2) Where amounts are shown in columns (f) and (h), the amounts shown in column (f) reflect the Long-Term Incentive Stock Grant minimum which is 80% of the target amount shown in column (g), and the amount shown in column (h) is 150% of such target amount. Where no amount is shown in columns (f) and (h), there was no threshold or maximum amounts for the equity incentive plan awards granted in 2006. The target amount shown is an absolute target. These amounts are based on the individual's current salary and position. The grant date fair value of the long-term incentive plan awards are based upon the target amounts shown in column (g).
- (3) The amounts shown in column (i) reflect the number of shares of stock granted to each named executive officer as matching contributions pursuant to the Executive Deferred Compensation program.
- (4) The amounts shown in column (j) reflect the number of Stock Appreciation Rights granted to each named executive officer as part of the Long-Term Incentive awards as described in more detail on page 15 under the heading Performance-Based Long-Term Equity Incentive Compensation. The actual number of shares underlying the Stock Appreciation Rights cannot be determined until such time as the Stock Appreciation Rights vest and are exercised and the spread between the fair value on the date of exercise and the base price is known. The fair value of the stock appreciation rights included in column (l) is the amount determined pursuant to SFAS 123(R).

### OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table provides information on the current holdings of stock option and stock awards by the named executives. The table includes both exercisable and unexercisable options together with the exercise price and the expiration date; unvested stock appreciation rights; the number of shares and market value of unvested matching contributions to the executive deferred compensation plan; and the number of shares of long term incentive ( LTI ) restricted stock together with the market value of those shares.

(a)	(b)	Option Awards			(f)	Stock Awards			
		(c)	(d)	(e)		(g)	(h)	(i)	(j)
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Charles E. Sykes									
2005-2007 LTI RS(1)								20,000	352,800
2006-2008 LTI RS(2)								68,510	1,208,516
2006-2008 LTI SARs(3)		47,117		14.56	03/29/16				
EDC Match(4)						577	10,183		
W. Michael Kipphut									
2005-2007 LTI RS(1)								12,500	220,500
2006-2008 LTI RS(2)								30,371	535,745
		20,731		14.56	03/29/16				

2006-2008 LTI SARs(3)						
Options	18,474		16.24	03/06/10		
Options	31,526		16.24	03/06/10		
Options	60,000		16.24	03/06/10		
EDC Match(4)					2,313	40,808
Lawrence R. Zingale						
2006-2008 LTI RS(2)						21,053 371,375
2006-2008 LTI SARs(3)	14,156		14.56	03/29/16		
James C. Hobby						
2005-2007 LTI RS(1)						8,000 141,120
2006-2008 LTI RS(2)						18,892 333,255
2006-2008 LTI SARs(3)	12,764		14.56	03/29/16		
EDC Match(4)					2,123	37,446
David L. Pearson						
2005-2007 LTI RS(1)						8,000 141,120
2006-2008 LTI RS(2)						8,654 152,657
2006-2008 LTI SARs(3)	9,747		14.56	03/29/16		
Options	6,750		25.82	02/24/07		
Options	7,000		13.18	07/03/10		
Options	10,000		4.05	10/17/10		
Options	10,000		9.00	02/01/12		
Options	3,300		9.00	02/01/12		
EDC Match(4)					1,496	26,391

- (1) The figures in this row represent restricted shares that were issued to the named executive officer in connection with the Long-Term incentive award for the 2005-2007 performance measurement period.
- (2) The figures in this row represent restricted shares that were issued to the named executive officer in connection with the Long-Term incentive award for the 2006-2008 performance measurement period.
- (3) The figures in this row represent stock appreciation rights that were issued to the named executive officer in connection with the Long-Term incentive award for the 2006-2008 performance measurement period.

- (4) The figures in this row represent restricted shares granted to the named executive officer as matching contributions by the Company to the Executive Deferred Compensation Plan.

### OPTION EXERCISES AND STOCK VESTED

The following table provides information for the named executive officers on (1) stock option exercises during 2006, including the number of shares acquired upon exercise and the value realized; and (2) the number of shares acquired upon vesting of matching contributions under the executive deferred compensation plan, and the value realized upon the vesting of such shares.

(a) Name	Options Awards		Stock Awards(1)	
	(b) Number of Shares Acquired on Exercise (#)	(c) Value Realized on Exercise (\$)	(d) Number of Shares Acquired on Vesting (#)	(e) Value Realized on Vesting (\$)
Charles E. Sykes Options EDC Matching Contr.	153,500	1,598,410	264	3,987
W. Michael Kipphut Options EDC Matching Contr.	125,000	1,589,250	1,031	17,424
Lawrence R. Zingale Options EDC Matching Contr.				
James C. Hobby Options EDC Matching Contr.				
David L. Pearson Options EDC Matching Contr.			1,120	16,760

- (1) Reflects the Company's matching contributions in the form of shares of its common stock held for the account of the named executive officer in the Executive Deferred Compensation Plan which vested during fiscal year ending December 31, 2006.

### PENSION BENEFITS

The Company does not maintain any pension plans for the benefit of its executive officers.

**NONQUALIFIED DEFERRED COMPENSATION**

Pursuant to the Company's Executive Deferred Compensation Plan (the Plan), certain executives, including the named executive officers, may defer all or any portion of their base salary, and all or any portion of their performance based non-equity incentive compensation. Deferral elections are made on or before December 31 of each year for amounts to be deferred from income earned with respect to the following year. The table below shows the investment options available under the Deferred Compensation Plan and their annual rate of return for the calendar year ended December 31, 2006, as reported by the administrator of the Plan.

<b>Name of Fund</b>	<b>Rate of Return</b>	<b>Name of Fund</b>	<b>Rate of Return</b>
Evergreen Money Market A	4.28%	Davis Opportunity A	17.59%
Evergreen Core Bond A	4.12%	Dreyfus Premier New Leaders A	13.56%
AllianceBernstein Balanced Shares A	13.21%	Columbia Small Cap Value I A	19.28%
Van Kampen Comstock R	15.78%	Putnam Capital Opportunities A	15.59%
Evergreen Equity Index A	15.19%	AIM Small Cap Growth A	14.30%
American Funds Growth Fund of America R3	10.63%	Evergreen International Equity A	22.62%
Goldman Sachs Mid Cap Value A	15.61%		

Distributions of the participants' deferred compensation and any vested Company stock matching contributions are made as soon as administratively feasible six months after retirement or termination of employment, unless the participant dies or becomes disabled while still an employee, in which case both distributions are made as soon as administratively feasible. Alternatively, a participant may, at the time of initial participation in the Plan, elect to receive benefits under the Plan in the event of retirement or disability in 120 monthly installments.

In the event the participant terminates employment (for reasons other than death, disability or retirement) without participating in the plan for three years, the matching contributions and earnings attributable thereto are forfeited. In the event that a participant terminates employment after three years, but less than five years of participation in the Plan, the participant forfeits 67% of the matching contribution and earnings. In the event a participant terminates employment after five years but less than seven years of participation in the Plan, the participant forfeits 33% of the matching contribution and earnings.

In the event of a distribution of benefits as a result of a change in control, the Company will increase the benefit by an amount sufficient to offset the income tax obligations created by the distribution of benefits.

Participants forfeit undistributed matching contributions if the participant is terminated for cause as defined in the Plan or the participant enters into a business or employment which the Company's chief executive officer determines to be in violation of any non-compete agreement between the participant and the Company.

The following table shows information regarding contributions by the named executive officers, the Company's matching contributions, aggregate earnings on contributions during fiscal year 2006, and the aggregate balance at year end. There were no distributions from the plan to named executive officers during the fiscal year.

(a) Name	(b) Executive Contributions in Last Fiscal Year (\$)	(c) Registrant Contribution in Last Fiscal Year (\$)	(d) Aggregate Earnings in Last Fiscal Year (\$)	(e) Aggregate Withdrawals/ Distributions (\$)	(f) Aggregate Balance at Last Fiscal Year End (\$)
Charles E. Sykes	\$ 0	\$ 0	\$ 12,236	\$ 0	\$ 59,581
W. Michael Kipphut	\$ 23,400	\$ 11,700	\$ 39,514	\$ 0	\$ 248,594
Lawrence R. Zingale	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
James C. Hobby	\$ 29,964	\$ 12,000	\$ 10,413	\$ 0	\$ 96,101
David L. Pearson	\$ 28,969	\$ 12,000	\$ 28,193	\$ 0	\$ 172,292



**EQUITY COMPENSATION PLAN INFORMATION**

The following table summarizes the equity compensation plans under which the equity securities of Sykes may be issued as of December 31, 2006:

	(a)	(b)	(c)
	Number of Securities to be Issued Upon Exercise of Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by shareholders(1)	598,663	\$ 13.13(2)	6,653,581
Equity compensation plans not approved by shareholders	50,587(3)		N/A(3)
Totals	649,250		6,653,581

(1) Includes shares of common stock of Sykes authorized for awards under the 2001 Equity Incentive Plan as well as the 2000 Stock Option Plan, the 1996 Employee Stock Option Plan, and the 1997 Management Stock Incentive Plan, all of which are predecessor plans to the 2001 Equity Incentive Plan. Also includes shares of common stock of Sykes reserved for issuance under the 1999 Employees Stock Purchase Plan, the Amended and Restated 1996 Non-Employee Director Stock Option Plan, the 1996 Non-Employee Director Fee Plan, and the 2004 Non-Employee Director Fee Plan.

(2) Represents the weighted average exercise price of stock options only.

(3) Represents shares of common stock of Sykes issued as matching grants under the Deferred Compensation Plan for executives described on page 24 above. There is no specific number of shares reserved for issuance under the Deferred Compensation Plan.

Shares awarded under all of the above plans may be from Sykes authorized and unissued shares, treasury shares or shares acquired in the open market. For a summary of the terms of Sykes equity compensation plans, see Note 20 of our consolidated financial statements in the Annual Report on Form 10-K and incorporated herein by reference.

**POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL**

The tables below reflect the amount of compensation to each of the named executive officers of the Company in the event of a termination of such executive's employment. The amount of compensation payable to each named executive officer upon voluntary termination, involuntary not-for-cause termination, termination following a change of control and in the event of a disability or death of the executive is shown below. The amounts shown assume that such

termination was effective as of December 31, 2006, and thus includes amounts earned through such time and are estimates of the amounts which would be paid out to the executives upon their termination. The actual amounts to be paid out can only be determined at the time of such executive's separation from the Company.

### **Payments Made Upon Termination**

Regardless of the manner in which a named executive officer's employment terminates, he or she is entitled to receive amounts earned during his term of employment. Depending upon the date of a termination, such amounts may include:

non-equity incentive compensation earned during the fiscal year;

shares which have vested and for which the restrictions have lapsed under long-term incentive compensation awards;

shares to be issued as a result of the vesting of SARs under long-term incentive compensation awards;

amounts contributed to the Executive Deferred Compensation Plan: and

unused vacation pay.

### **Payments Made Upon Termination by Company Without Cause, or by Executive with Good Reason**

In the event Mr. Sykes' employment is terminated by the Company prior to the expiration of the initial term of his employment agreement or any renewal period for any reason other than death, disability, or cause (as defined in his employment agreement), or if his employment agreement is terminated by Mr. Sykes prior to the expiration of the initial term or any renewal period for good reason (as defined below under "Employment Agreements"), the Company is required to pay Mr. Sykes an amount equal to his weekly base salary through the end of the initial term or renewal period of the agreement or for 104 weeks, whichever is greater.

In the event Mr. Kipphut's employment is terminated by the Company prior to the expiration of the initial term of his employment agreement or any renewal period for any reason other than death, disability, or cause (as defined in his employment agreement), or if his employment agreement is terminated by Mr. Kipphut prior to the expiration of the initial term or any renewal period for good reason (as defined below under "Employment Agreements"), the Company is required to pay Mr. Kipphut an amount equal to his weekly base salary through the end of the initial term or renewal period of the agreement or for 52 weeks, whichever is greater, plus an amount equal to the maximum annual performance bonus he could earn (60% of his annual base salary), which would also be paid over the same period as the other payments.

In the event of the termination by the Company of the employment of any named executive officer other than Mr. Sykes or Mr. Kipphut for any reason other than death, disability or cause, they will be entitled to receive an amount equal to their annual base salary payable over a one year period.

### **Payments Made Upon Death or Disability**

In the event of the death or disability of a named executive officer, in addition to the benefits listed under the heading "Payments Made Upon Termination" above, the named executive officer will receive benefits under the Company's disability plan or payments under the Company's life insurance plan, as appropriate. The Company pays for life insurance and accidental death and dismemberment coverage for its executive team in amounts equal to twice the executive's base salary, up to a maximum of \$500,000. The Company also pays for short term disability for its executives with a benefit of 70% of base salary, up to a maximum of \$2,500 per week, and long term disability with a benefit of base salary, up to a maximum of \$15,000 per month.

### **Payments Made Upon a Change of Control**

The Company has entered into employment agreements with Mr. Sykes and Mr. Kipphut which contain change of control payment provisions. Pursuant to these provisions, if Mr. Sykes or Mr. Kipphut's employment is terminated following a change of control (other than termination by the Company for cause or by reason of death or disability) or if Mr. Sykes or Mr. Kipphut terminate their employment in certain circumstances defined in their respective agreements which constitutes "good reason," in addition to the benefits listed under the heading "Payments Made Upon Termination":

Mr. Sykes will receive:

his then current base salary for a period of three years;

an amount determined by multiplying the annual target bonus designated or otherwise indicated for Mr. Sykes in the year such change of control occurs by a factor of three, and paying such amount over a 156-week period; and

all stock options, stock grants or other similar equity incentives and/or compensation programs will immediately accelerate and become fully vested and exercisable at the option of Mr. Sykes.

Mr. Kipphut will receive:

his then current base salary for a period of two years;

an amount determined by multiplying the annual target bonus designated or otherwise indicated for Mr. Kipphut in the year such change of control occurs by a factor of two, and paying such amount over a 104-week period; and

all stock options, stock grants or other similar equity incentives and/or compensation programs will immediately accelerate and become fully vested and exercisable at the option of Mr. Kipphut.

The named executive officers, other than Mr. Sykes and Mr. Kipphut, do not have change of control provisions in their respective employment agreements, but under various equity incentive agreements, all stock options, stock grants or other similar equity incentives and/or compensation programs will immediately accelerate and become fully vested and exercisable at the option of the executive in the event of a change in control.

***Charles E. Sykes***

The following table shows the potential payments upon termination or a change of control of the Company for Charles E. Sykes, the Company's President and Chief Executive Officer, as if such termination had occurred on December 31, 2006:

Type of Benefit	Company Initiated		Executive Initiated		
	Before Change in Control Termination w/o Cause or for Good Reason (\$)	After Change in Control Termination w/o Cause or for Good Reason (\$)	Voluntary Termination (\$)	Voluntary Termination for Good Reason (\$)	Change in Control (\$)
Severance Pay	1,000,000	1,500,000	0	1,000,000	1,500,000
Bonus Payment	0	1,125,000	0	1,125,000	1,125,000
Stock Grants Vesting Acceleration	0	1,561,316	0	0	1,561,316
Stock Option Vesting Acceleration	0	145,120	0	0	145,120
Deferred Compensation Vesting Acceleration	0	10,178	0	0	10,178
Payment for Taxes Resulting from Deferred Compensation Distribution	0	35,101	0	0	35,101
Total	1,000,000	4,376,715	0	2,125,000	4,376,715

***W. Michael Kipphut***

The following table shows the potential payments upon termination or a change of control of the Company for W. Michael Kipphut, the Company's Sr. Vice President and Chief Financial Officer, as if such termination had occurred on December 31, 2006:

	Company Initiated		Executive Initiated	
	Before Change in Control Termination w/o Cause	After Change in Control Termination w/o Cause	Voluntary Termination	Voluntary Termination

<b>Type of Benefit</b>	<b>or for Good Reason (\$)</b>	<b>or for Good Reason (\$)</b>	<b>Voluntary Termination (\$)</b>	<b>for Good Reason (\$)</b>	<b>Change in Control (\$)</b>
Severance Pay	368,500	737,000	0	368,500	737,000
Bonus Payment	221,000	442,000	0	221,000	442,000
Stock Grants Vesting Acceleration	0	756,509	0	0	756,509
Stock Option Vesting Acceleration	0	63,851	0	0	63,851
Deferred Compensation Vesting Acceleration	0	40,808	0	0	40,808
Payment for Taxes Resulting from Deferred Compensation Distribution	0	129,529	0	0	129,529
<b>Total</b>	<b>589,500</b>	<b>2,169,697</b>	<b>0</b>	<b>589,500</b>	<b>2,169,697</b>

**Lawrence R. Zingale**

The following table shows the potential payments upon termination or a change of control of the Company for Lawrence R. Zingale, the Company's Sr. Vice President - Global Sales and Client Management, as if such termination had occurred on December 31, 2006:

Type of Benefit	Company Initiated		Executive Initiated		
	Before Change in Control Termination w/o Cause or for Good Reason (\$)	After Change in Control Termination w/o Cause or for Good Reason (\$)	Voluntary Termination (\$)	for Good Reason (\$)	Change in Control (\$)
Severance Pay	305,000	305,000	0	0	0
Bonus Payment	0	0	0	0	0
Stock Grants Vesting Acceleration	0	43,600	0	0	43,600
Stock Option Vesting Acceleration	0	26,391	0	0	26,391
Deferred Compensation Vesting Acceleration	0	0	0	0	0
Payment for Taxes Resulting from Deferred Compensation Distribution	0	0	0	0	0
Total	305,000	374,991	0	0	69,991

**James C. Hobby**

The following table shows the potential payments upon termination or a change of control of the Company for James C. Hobby, the Company's Sr. Vice President - Global Operations, as if such termination had occurred on December 31, 2006:

Type of Benefit	Company Initiated		Executive Initiated		
	Before Change in Control Termination w/o Cause or for Good Reason (\$)	After Change in Control Termination w/o Cause or for Good Reason (\$)	Voluntary Termination (\$)	for Good Reason (\$)	Change in Control (\$)

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Severance Pay	275,000	275,000	0	0	0
Bonus Payment	0	0	0	0	0
Stock Grants Vesting Acceleration	0	39,313	0	0	39,313
Stock Option Vesting Acceleration	0	474,375	0	0	474,375
Deferred Compensation Vesting Acceleration	0	37,446	0	0	37,446
Payment for Taxes Resulting from Deferred Compensation Distribution	0	35,333	0	0	35,333
Total	275,000	861,467	0	0	586,467

28

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**David L. Pearson**

The following table shows the potential payments upon termination or a change of control of the Company for David L. Pearson, the Company's Sr. Vice President and Chief Information Officer, as if such termination had occurred on December 31, 2006:

Type of Benefit	Company Initiated		Executive Initiated		
	Before Change in Control Termination w/o Cause or for Good Reason (\$)	After Change in Control Termination w/o Cause or for Good Reason (\$)	Voluntary Termination (\$)	for Good Reason (\$)	Change in Control (\$)
Severance Pay	210,000	210,000	0	0	0
Bonus Payment	0	0	0	0	0
Stock Grants Vesting Acceleration	0	30,021	0	0	30,021
Stock Option Vesting Acceleration	0	293,777	0	0	293,777
Deferred Compensation Vesting Acceleration	0	26,391	0	0	26,391
Payment for Taxes Resulting from Deferred Compensation Distribution	0	81,954	0	0	81,954
Total	210,000	642,143	0	0	432,143

**EMPLOYMENT AGREEMENTS**

*Charles E. Sykes.* The Company and Mr. Sykes are parties to an employment agreement, dated August 1, 2004, as amended on July 28, 2005 to correct a scrivener's error, and as amended on January 3, 2006 to change compensation. The material terms and conditions of the agreement as amended are summarized below. Under the agreement, Mr. Sykes serves as President and Chief Executive Officer of the Company. The term of the agreement expires on July 31, 2007, but will automatically be renewed for successive one-year terms unless one of the parties provides written notice of its intent not to renew the agreement at least 180 days prior to the expiration of the initial term or any renewal term. Under the agreement, as amended, Mr. Sykes' annual base salary is \$500,000. Mr. Sykes also is entitled to a performance bonus of up to 75% of his base salary based upon the achievement of such goals as may be determined by the Compensation Committee, and to participate in such other bonus programs and benefit plans as are generally made available to other executive officers of the Company.

If the agreement is terminated by the Company prior to the expiration of the initial term or any renewal period for any reason other than death, disability, or cause (as defined in the agreement), or if the agreement is terminated by Mr. Sykes prior to the expiration of the initial term or any renewal period for good reason (as defined below), the Company is required to pay Mr. Sykes an amount equal to his weekly base salary through the end of the initial term or renewal period of the agreement or for 104 weeks, whichever is greater, and during such period Mr. Sykes is prohibited from soliciting the Company's employees and competing with the Company in any area in which the Company's clients were conducting business during the initial term or any renewal term of the agreement. If the

agreement is terminated by Mr. Sykes following a change in control of the Company (as defined in the agreement) prior to the expiration of the initial term or any renewal period, the Company is required to pay Mr. Sykes an amount equal to his weekly base salary for 156 weeks from the date of termination, rather than 104 weeks, and to pay him an amount determined by multiplying the annual target bonus designated or otherwise indicated for him in the year such change of control occurs by a factor of three, and paying such amount over the 156-week period. Also, in the event the agreement is terminated by Mr. Sykes following a change in control, all stock options, stock grants or other similar equity incentives and/or compensation programs will immediately accelerate and become fully vested and exercisable at the option of Mr. Sykes upon the event of termination.

Good reason for Mr. Sykes termination of the agreement is defined in the agreement as: (i) a change of control of the Company (as defined in the agreement), (ii) a good faith determination by Mr. Sykes that the Company has breached the employment agreement, (iii) a material adverse change in working conditions or status, (iv) the deletion of, or change

in, any of the titles of CEO or President, (v) a significant relocation of Mr. Sykes' principal office, (vi) a significant increase in travel requirements, or (vii) an impairment of Mr. Sykes' health to an extent that made the continued performance of his duties under the agreement hazardous to his physical or mental health or his life.

The agreement provides that if Mr. Sykes' employment is terminated by the Company due to his death, disability or for cause, or voluntarily by Mr. Sykes other than for good reason, then the Company will have no obligation to pay him any salary, bonus or other benefits other than those payable through the date of termination, and Mr. Sykes may not solicit any of the Company's employees or compete directly or indirectly with the Company during the term of the agreement and for a period of one year after its termination, regardless of the reason for its termination. The agreement contains customary confidentiality provisions.

*W. Michael Kipphut.* The Company and Mr. Kipphut are parties to an employment agreement, dated March 6, 2005, the material terms and conditions of which are summarized below. The employment agreement provides that Mr. Kipphut will serve as an executive of the Company. Mr. Kipphut serves as Group Executive, Senior Vice President Finance. The initial term of the agreement expired on March 5, 2007, but was automatically renewed, and will continue to be automatically renewed, for successive one-year terms unless one of the parties provides the other with written notice of its intent not to renew the agreement at least 30 days prior to the expiration of the initial term or any renewal term. Under the agreement, Mr. Kipphut's annual base salary is \$368,500, subject to increase at the Company's discretion. Mr. Kipphut also is entitled to a performance bonus up to 60% of his base salary based upon the achievement of specified goals as determined by the Compensation Committee, and to participate in such other bonus programs and benefit plans as are generally made available to other executive officers of the Company.

If the agreement is terminated by the Company prior to the expiration of the initial term or any renewal period for any reason other than death, disability, or cause (as defined in the agreement), or if the agreement is terminated by Mr. Kipphut prior to the expiration of the initial term or any renewal period for good reason (as defined below), the Company is required to pay Mr. Kipphut an amount equal to his weekly base salary through the end of the initial term or renewal period of the agreement or for 52 weeks, whichever is greater, plus an amount equal to the maximum annual performance bonus he could earn (60% of his annual base salary), which would also be paid over the same period as the other payments. If the agreement is terminated by Mr. Kipphut following a change in control of the Company (as defined in the agreement) prior to the expiration of the initial term or any renewal period, the Company is required to pay Mr. Kipphut an amount equal to his weekly base salary for 104 weeks from the date of termination, rather than 52 weeks, plus an amount equal to twice the maximum annual performance bonus he could earn, which would also be paid over the 104-week period. Also, in the event the agreement is terminated by Mr. Kipphut following a change in control, all stock options, stock grants or other similar equity incentives and/or compensation programs will immediately accelerate and become fully vested and exercisable at the option of Mr. Kipphut upon the event of termination.

Good reason for Mr. Kipphut's termination of the agreement is defined in the agreement as: (i) a change of control of the Company (as defined in the agreement), (ii) a good faith determination by Mr. Kipphut that the Company has breached the employment agreement, (iii) a material adverse change in working conditions or status, (iv) the deletion of, or change in, any of the titles of Senior Vice President and Chief Financial Officer, (v) a significant relocation of Mr. Kipphut's principal office, (vi) a change in reporting such that Mr. Kipphut is required to report to someone other than the CEO, or (vii) a significant increase in travel requirements.

The agreement provides that if Mr. Kipphut's employment is terminated by the Company due to his death, disability or for cause, or voluntarily by Mr. Kipphut other than for good reason, then the Company will have no obligation to pay him any salary, bonus or other benefits other than those payable through the date of termination.

The agreement provides that Mr. Kipphut may not solicit any of the Company's employees or compete directly or indirectly with the Company during the term of the agreement and for one year after its expiration in any area in which the Company's clients were conducting business during the initial term or any renewal term of the agreement. If the agreement is terminated by the Company or Mr. Kipphut prior to the end of its term, regardless of the reason for its termination the non-solicitation and non-competition provisions will remain in effect through the end of the initial term or renewal period or for 52 weeks after termination, whichever is greater. The agreement contains customary confidentiality provisions.

*James Hobby, Jr.* The Company and Mr. Hobby are parties to an employment agreement, dated January 3, 2005, the material terms and conditions of which are summarized below. The employment agreement provides that Mr. Hobby will serve as an executive of the Company. Mr. Hobby serves as Senior Vice President, Global Operations. The agreement had an initial term which expired January 2, 2007, but was automatically renewed, and will continue to be automatically renewed, for successive one-year periods unless one of the parties provides written notice of its intent not to renew the agreement at least 180 days prior to the expiration of the initial term or any renewal term. Under the agreement, Mr. Hobby's annual base salary will not be less than \$275,000, and he is entitled to a performance bonus of up to 50% of his base salary in accordance with the Company's standard policy for the payment of performance bonuses, and to standard executive fringe benefits.

If the agreement is terminated by the Company prior to the expiration of the initial term or any renewal period for any reason other than death, disability, or cause (as defined in the agreement), the Company is required to pay Mr. Hobby an amount equal to his weekly base salary through the end of the initial term or renewal period of the agreement or for 52 weeks after the termination of the agreement, whichever is greater, and Mr. Hobby may not compete with the Company during such period in any area in which the Company's clients were conducting business during the initial term or any renewal term of the agreement. After the end of the initial term or renewal period of the agreement, the Company may discontinue making such payments if it releases Mr. Hobby from the restrictions in the non-competition provision. The agreement provides that if Mr. Hobby's employment is terminated by the Company due to his death, disability or cause, or voluntarily by Mr. Hobby, then the Company will have no obligation to pay him any salary, bonus or other benefits other than those payable through the date of termination, and Mr. Hobby may not compete with the Company for a period through the end of the initial term or renewal period of the agreement or for 52 weeks following the termination of his employment, whichever is greater. The agreement provides that, after termination of his employment for any reason, whether by the Company or Mr. Hobby, Mr. Hobby may not solicit the Company's employees for the longer of (i) the full stated term or renewal period of the agreement or (ii) a period of 52 weeks after termination of his employment. The agreement contains customary confidentiality provisions.

*Lawrence R. Zingale.* The Company and Mr. Zingale are parties to an employment agreement, dated January 3, 2006, the material terms and conditions of which are summarized below. The employment agreement provides that Mr. Zingale will serve as an executive of the Company. Mr. Zingale serves as Sr. Vice President, Global Sales and Client Management. The agreement continues until terminated by one of the parties. Under the agreement, Mr. Zingale's annual base salary is to be not less than \$305,000 through the end of the term of the agreement, and he is entitled to participate in a performance based bonus program ranging from 0% to 40% of his base salary, and to standard executive fringe benefits. The agreement also provides for the one time payment of a lump sum of \$25,000 as a signing bonus and for the payment of a one time lump sum relocation bonus of \$75,854 at the inception of his employment.

If the agreement is terminated by the Company prior to the expiration of the initial term or any renewal period for any reason other than death, disability, or cause (as defined in the agreement), the Company is required to pay Mr. Zingale an amount equal to his weekly base salary for 52 weeks after the termination of the agreement, and Mr. Zingale may not compete with the Company during such period in any area in which the Company's clients were conducting business during the initial term or any renewal term of the agreement. The agreement also provides that if Mr. Zingale's employment is terminated by the Company due to his death, disability or cause, or voluntarily by Mr. Zingale, then the Company will have no obligation to pay him any salary, bonus or other benefits other than those payable through the date of termination, and Mr. Zingale may not compete with the Company for a period through the end of the initial term or renewal period of the agreement or for 52 weeks following the termination of his employment, whichever is greater. The agreement provides that, after termination of his employment for any reason, whether by the Company or Mr. Zingale, Mr. Zingale may not solicit the Company's employees for the longer of (i) the remaining term of the agreement or (ii) a period of one year after termination of his employment. The

agreement contains customary confidentiality provisions.

*David L. Pearson.* The Company and Mr. Pearson are parties to an employment agreement, dated September 20, 2005, the material terms and conditions of which are summarized below. The employment agreement provides that Mr. Pearson will serve as an executive of the Company. Mr. Pearson serves as Senior Vice President, Information Technology. The agreement had an initial term which expired on September 19, 2006, but was automatically renewed, and will continue to automatically renew, for successive one-year terms unless one of the parties provides written notice of its

intent not to renew at least 180 days prior to the expiration of the initial term or any renewal term. Under the agreement, Mr. Pearson's annual base salary is to be not less than \$210,000 through the end of the term of the agreement, and he is entitled to participate in a performance based bonus program ranging from 0% to 50% of his base salary, and to standard executive fringe benefits.

If the agreement is terminated by the Company prior to the expiration of the initial term or any renewal period for any reason other than death, disability, or cause (as defined in the agreement), the Company is required to pay Mr. Pearson an amount equal to his weekly base salary for 52 weeks after the termination of the agreement, and Mr. Pearson may not compete with the Company during such period in any area in which the Company's clients were conducting business during the initial term or any renewal term of the agreement. The agreement also provides that if Mr. Pearson's employment is terminated by the Company due to his death, disability or cause, or voluntarily by Mr. Pearson, then the Company will have no obligation to pay him any salary, bonus or other benefits other than those payable through the date of termination, and Mr. Pearson may not compete with the Company for a period through the end of the initial term or renewal period of the agreement or for 52 weeks following the termination of his employment, whichever is greater. The agreement provides that, after termination of his employment for any reason, whether by the Company or Mr. Pearson, Mr. Pearson may not solicit the Company's employees for the longer of (i) the remaining term of the agreement or (ii) a period of one year after termination of his employment. The agreement contains customary confidentiality provisions.

#### **DIRECTOR COMPENSATION**

Directors who are executive officers of the Company receive no compensation for service as members of either the Board of Directors or any committees of the Board.

#### **2004 Non-Employee Director Fee Plan**

In May 2005, the shareholders of the Company approved the 2004 Non-Employee Director Fee Plan (the 2004 Fee Plan). The 2004 Fee Plan provides that all new non-employee Directors joining the Board will receive an initial grant of common stock units (CSUs) on the date the new Director is appointed or elected, the number of which will be determined by dividing a dollar amount to be determined from time to time by the Board (initially set at \$30,000) by an amount equal to 110% of the average closing prices of the Company's common stock for the five trading days prior to the date the new Director is appointed or elected. The initial grant of CSUs will vest in three equal installments, one-third on the date of each of the following three annual shareholders' meetings. A CSU is a bookkeeping entry on the Company's books that records the equivalent of one share of common stock. On the date each CSU vests, the Director will become entitled to receive a share of the Company's common stock and the CSU will be canceled.

Additionally, the 2004 Fee Plan provides that each non-employee Director will receive, on the day after the annual meeting, an annual retainer for service as a non-employee Director, the amount of which shall be determined from time to time by the Board. Under the 2004 Fee Plan, the annual retainer will be paid 75% in CSUs and 25% in cash. The number of CSUs to be granted under the 2004 Fee Plan will be determined by dividing the amount of the annual retainer by an amount equal to 105% of the average of the closing prices for the Company's common stock on the five trading days preceding the award date (the day after the annual meeting). The annual grant of CSUs will vest in two equal installments, one-half on the date of each of the following two annual shareholders' meetings. All CSUs will automatically vest upon the termination of a Director's service as a Director, whether by reason of death, retirement, resignation, removal or failure to be reelected at the end of his or her term. Until a CSU vests, the Director has none of the rights of a shareholder with respect to the CSU or the common stock underlying the CSU. CSUs are not transferable.

The Compensation and Human Resource Development Committee reviews Board compensation on an annual basis and makes recommendations to the full Board which is responsible for the final determination as to Board compensation. For 2006 and 2007, the Compensation Committee and the Board have established the annual retainer fee for non-employee directors at \$50,000. Any non-employee Chairman of the Board receives additional annual cash compensation in the amount of \$100,000. The Chairperson of the Audit Committee receives additional annual cash compensation in the amount of \$12,000, and the Chairpersons of the Compensation and Human Resource Committee and the Nominating and Corporate Governance Committee each receive additional annual cash compensation in the amount of \$5,000.



The following table contains information regarding compensation paid to the non-employee directors during fiscal year ending December 31, 2006, including cash and restricted stock units.

(a) Name(1)	(b) Fees Earned or Paid in Cash (\$)	(c) Stock Awards (\$)(2)	(d) Option Awards (\$)	(e) Non-Equity Deferred Incentive Plan Compensation (\$)	(f) Change in Pension Value and Nonqualified Compensation Earnings (\$)	(g) All Other Compensation (\$)	(h) Total (\$)
Furman P. Bodenheimer, Jr.	23,000	37,500					60,500
Mark C. Bozek	31,000	37,500					68,500
Lt. Gen. Michael DeLong (Ret)	23,500	37,500					61,000
H. Parks Helms	31,000	37,500					68,500
Iain Macdonald	25,125	37,500					62,625
James S. MacLeod	23,000	37,500					60,500
Linda McClintock-Greco, M.D.	23,000	37,500					60,500
William J. Meurer	41,750	37,500					79,250
James K. Murray, Jr.	23,500	37,500					61,000
Paul L. Whiting	127,750	37,500					165,250

(1) Charles E. Sykes, the Company's President and Chief Executive Officer is not included in this table as he is an employee of the Company and thus receives no compensation for his services as a Director. The Compensation received by Mr. Sykes as an employee of the Company is shown in the Summary Compensation Table on page 19.

(2) Represents the average of the closing prices for the Company's common stock on the five trading days preceding May 24, 2006 for 2,203 shares granted in the form of deferred CSUs on May 24, 2006 to each non-employee director.

## SECURITY OWNERSHIP

### Security Ownership of Directors and Executive Officers

The following table sets forth the beneficial ownership of the Company's Common Stock as of April 16, 2007, for each director, each executive officer named in the Summary Compensation Table herein, and by all Directors and executive officers of the Company as a group.

Name	Common Stock	Common Stock Units(1)	Options	Stock Settled Stock Appreciation Rights Vested and	Total Stock and Stock Based Holdings	Percent of Total Outstanding Stock
			Currently Exercisable or Exercisable Within 60 Days	Vesting Within 60 Days(2)		
Furman P. Bodenheimer, Jr.	72,156	3,180	52,500	0	127,836	*
Mark C. Bozek	3,020	3,180	10,000	0	16,200	*
Lt. Gen. Michael DeLong (Ret)	7,020	3,180	8,333	0	18,533	*
H. Parks Helms(3)	20,043	3,180	25,000	0	48,223	*
Iain Macdonald	6,999	4,788	0	0	11,787	*
James S. MacLeod	5,622	4,224	0	0	9,846	*
Linda McClintock-Greco, M.D.	15,241	3,180	17,500	0	35,921	*
William J. Meurer	41,111	3,180	27,500	0	71,791	*
James K. Murray, Jr.(4)	11,122	4,224	0	0	15,346	*
Charles E. Sykes(5)	163,391	0	0	3,484	166,875	*
Paul L. Whiting(6)	109,916	3,180	25,000	0	138,096	*
W. Michael Kipphut(7)	70,299	0	110,000	1,533	181,832	*
Lawrence R. Zingale(8)	38,430	0	0	1,047	39,477	*
James C. Hobby(9)	44,359	0	0	944	45,303	*
David L. Pearson(10)	23,797	0	37,050	437	61,284	*
All Directors and executive officers as a group 18 persons	674,584	35,496	333,883	9,320	1,053,283	2.6%

\* Less than 1.0%

(1) Represents stock settled Common Stock Units granted pursuant to the 2004 Non-Employee Director Fee Plan that will vest within 60 days of the date of this proxy statement.

(2)

Shares of common stock which may be acquired within sixty days of the date of this proxy statement upon the exercise of stock appreciation rights (SARs), assuming that the fair market value of a share of the Company's stock (as defined in the 2001 Equity Incentive Plan) is \$18.71 on the date of exercise. The SARs represent the right to receive that number of shares of common stock determined by dividing (i) the total number of shares of stock subject to the SARs being exercised, multiplied by the amount by which the fair market value (as defined in the Plan) of a share of stock on the day the right is exercised exceeds the fair market value of a share of stock on the date of grant of the SAR, by (ii) the fair market value of a share of stock on the exercise date.

- (3) Excludes 600 shares held by Mr. Helms' spouse over which Mr. Helms disclaims beneficial ownership.
- (4) Excludes 1,000 shares held by a family member in which Mr. Murray disclaims beneficial ownership.
- (5) Includes 145,058 shares of restricted stock issued as part of the various equity-based, long-term incentive awards and 18,333 shares owned by a trust of which Mr. Sykes is a beneficiary.

- (6) Includes 109,916 shares owned jointly by Mr. Whiting and other family members. Excludes 300 shares of Common Stock held by Mr. Whiting's wife in which Mr. Whiting disclaims beneficial ownership.
- (7) Includes 68,299 shares of restricted stock issued as part of the various equity-based, long-term incentive awards.
- (8) Includes 38,430 shares of restricted stock issued as part of the various equity-based, long-term incentive awards.
- (9) Includes 44,359 shares of restricted stock issued as part of the various equity-based, long-term incentive awards.
- (10) Includes 23,797 shares of restricted stock issued as part of the various equity-based, long-term incentive awards.

### Security Ownership of Certain Beneficial Owners

As of December 31, 2006, the Company's records and other information available from outside sources indicated that the following stockholders were beneficial owners of more than five percent of the outstanding shares of the Company's Common Stock. The information below is as reported in their filings with the Securities and Exchange Commission. The Company is not aware of any other beneficial owner or more than 5% of the Company's Common Stock.

Name	Amount and Nature of Beneficial Ownership	
	Common Stock	Percent
	Shares	
John H. Sykes(1)	7,656,096	18.85
Barclays Global Investors, NA.(2) 45 Fremont Street San Francisco, CA 94105	2,130,639	5.25

- (1) Represents shares owned by Mr. John Sykes through Jopar Investments Limited Partnership, a North Carolina limited partnership in which Mr. Sykes is the sole limited partner and the sole shareholder of the limited partnership's sole general partner. Excludes 7,950 shares owned by Mr. Sykes' wife, as to which Mr. Sykes disclaims beneficial ownership. Mr. Sykes' business address is P.O. Box 2044, Tampa, Florida 33601-2044.
- (2) All information is based upon the Schedule 13G filed with the Security and Exchange Commission by Barclays Global Investors, NA ( Barclays ) on January 23, 2007. Barclays, an investment advisor registered under Section 203 of the Investment Advisors Act of 1940, furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, and serves as investment manager to certain other commingled group trusts and separate accounts. These investment companies, trusts and accounts are the Funds. In its role as investment advisor or manager, Barclays possesses investment and/or voting power over the stock that are owned by the Funds, and may be deemed to be the beneficial owner of the stock held by the Funds. However, all securities reported on the Schedule 13G are owned by the Funds. Barclays disclaims beneficial ownership of the stock.

### PROPOSAL 2

**RATIFICATION OF THE APPOINTMENT OF INDEPENDENT AUDITORS**

The Audit Committee engaged Deloitte & Touche LLP as the Company's independent auditors to audit the 2007 consolidated financial statements of the Company for the year ended December 31, 2007 and the effectiveness of the Company's internal control over financial reporting as of December 31, 2007 and express an opinion thereon, and issue an attestation report on management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2007. Although the Company is not required to seek shareholder ratification of this appointment, the Board believes it to be sound corporate governance to do so. If the appointment is not ratified, the Audit Committee will reconsider the appointment, but will not be required to engage a different auditing firm.

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

**The Board of Directors recommends a vote FOR this proposal and urges each shareholder to vote FOR ratification of the appointment of Deloitte & Touche LLP as the Company's independent auditors. Executed and unmarked proxies in the accompanying form will be voted at the Annual Meeting in favor of ratification.**

### **AUDIT COMMITTEE DISCLOSURE**

The Audit Committee is comprised solely of independent Directors, and among other things, is responsible for:

Serving as an independent and objective party to monitor the Corporation's financial reporting process and internal control system.

The appointment, compensation, and oversight of the work of the registered public accounting firm employed by the Corporation (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work, and each such registered public accounting firm shall report directly to the Audit Committee.

Reviewing and appraising the Corporation's internal auditing function.

Providing an open avenue of communication among the Corporation's registered public accounting firm, financial and senior management, those involved in the Corporation's internal auditing function, and the Board of Directors.

### **Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors**

The Audit Committee's policy is to pre-approve all audit and permissible non-audit services provided by the independent auditors which exceed \$50,000. These services may include audit services, audit-related services, tax services and other services. The Chairman of the Audit Committee has been given the authority to grant pre-approvals, and each such pre-approval is then submitted to the full Committee at the next meeting for consideration and approval. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The independent auditors and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent auditors in accordance with this pre-approval, and the fees for the services performed to date.

### **Service Fees Paid to the Independent Registered Public Accounting Firm**

The fees charged by Deloitte & Touche LLP for professional services rendered in connection with all audit and non-audit related matters for the years ended December 31, 2006 and December 31, 2005 were as follows:

	<b>2006</b>	<b>2005</b>
Audit Fees(1)	\$ 3,032,776	\$ 3,017,330
Audit-Related Fees(2)	\$ 34,678	\$ 21,378
Tax Fees	\$ -0-	\$ -0-
All Other Fees	\$ -0-	\$ -0-

- (1) Fees for audit services in 2006 and 2005 consisted of (a) audits of the Company's annual consolidated financial statements and internal controls over financial reporting, (b) reviews of the Company's quarterly condensed consolidated financial statements, and (c) annual stand alone statutory audits.
- (2) Fees for audit related services in 2006 and 2005 consisted of (a) audit of employee benefit plans and (b) agreed upon procedures engagements.

**Report of the Audit Committee**

In connection with the financial statements for the fiscal year ended December 31, 2006, the Audit Committee has:

- (1) reviewed and discussed the audited financial statements with management,
- (2) discussed with Deloitte & Touche LLP, the Company's independent registered public accounting firm (the Auditors), the matters required to be discussed by the statement on Auditing Standards No. 61, as amended, and

(3) received the written disclosure and letter from the Auditors the matters required by Independence Standards Board Standard No. 1.

Based upon these reviews and discussions, the Audit Committee recommended to the Board at the March 7, 2007 meeting of the Board that the Company's audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2006 filed with the Securities and Exchange Commission. The Board has approved this inclusion.

#### AUDIT COMMITTEE

William J. Meurer, Chairman  
Iain A. Macdonald  
Paul L. Whiting

March 28, 2007

*The information contained in this report shall not be deemed to be soliciting material or filed or incorporated by reference in future filings with the SEC, or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, except to the extent that we specifically incorporate it by reference into a document filed under the Securities Act of 1933 or the Securities Exchange Act of 1934.*

#### **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

During the year ended December 31, 2006, the executive officers and directors of the Company filed with the Securities and Exchange Commission (the Commission) on a timely basis, all required reports relating to transactions involving equity securities of the Company beneficially owned by them, except that Mark C. Bozek filed a Form 4 reporting a sale of stock 10 days late. The Company has relied solely on the written representation of its executive officers and directors and copies of the reports they have filed with the Commission in providing this information.

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

The deadline for submission of shareholder proposals pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (Rule 14a-8), for inclusion in the Company's proxy statement for its 2008 Annual Meeting of Shareholders is December 21, 2007. Pursuant to the Company's Bylaws, only shareholder proposals submitted on or prior to such date may be brought before the meeting.

#### **OTHER MATTERS**

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

By Order of the Board of Directors,

James T. Holder  
Secretary





**SYKES ENTERPRISES, INCORPORATED**  
**Annual Meeting of Shareholders, May 23, 2007**  
**THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS**

The undersigned shareholder of Sykes Enterprises, Incorporated (the Company) hereby appoints each of Charles E. Sykes, W. Michael Kipphut and James T. Holder, and each of them with authority to act without the others, as attorneys and proxies for the undersigned, with full power of substitution, to vote all shares of the common stock of the Company which the undersigned is entitled to vote at the Annual Meeting of Shareholders of the Company and at all adjournments thereof, to be held at the Tampa Marriott Waterside, 700 South Florida Avenue, Tampa, Florida, on Tuesday, May 23, 2007, at 9:00 a.m., Eastern Daylight Savings Time, with all the powers the undersigned would possess if personally present, such proxies being directed to vote as specified below and in their discretion on any other business that may properly come before the Meeting.

**THE SHARES REPRESENTED HEREBY WILL BE VOTED AS SPECIFIED BELOW. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR ALL NOMINEES LISTED IN ITEM 1, AND FOR PROPOSAL 2.**

**t DETACH BELOW AND RETURN USING THE ENVELOPE PROVIDED t**  
**SYKES ENTERPRISES, INCORPORATED 2007 ANNUAL MEETING**

- |   |  |   |   |
|---|--|---|---|
| 1. To elect four Directors<br>(to serve for a term of<br>three years) | 1- Paul L. Whiting<br>2- Mark C. Bozek<br>3- Lt. Gen. Michael B.<br>DeLong (Retired)<br>4- Iain A. Macdonald | o FOR all nominees<br>listed to the left<br>(except<br>as specified below). | o WITHHOLD<br>AUTHORITY<br>to vote for all nominees<br>listed to the left |
|---|--|---|---|

To withhold authority to vote for any indicated nominee, write the number(s) >>>>>>>>> of the nominee(s) in the box provided to the right.

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2. To ratify the appointment of Deloitte & Touche LLP as independent auditors of the Company.       FOR       AGAINST       ABSTAIN

3. In their discretion, the proxies are authorized to vote upon such other business as may properly come before this meeting or any adjournments or postponements thereof.

**PLEASE SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY IN THE ENCLOSED ENVELOPE EVEN IF YOU PLAN TO ATTEND THE MEETING.**

I plan to attend the Meeting.       I do not plan to attend the Meeting.

The undersigned reserves the right to revoke this Proxy at any time prior to the Proxy being voted at the Meeting. The Proxy may be revoked by delivering a signed revocation to the Company at any time prior to the Meeting, by submitting a later-dated Proxy, or by attending the Meeting in person and casting a ballot. The undersigned hereby revokes any proxy previously given to vote such shares at the Meeting.

DATE: \_\_\_\_\_

NO. OF  
SHARES: \_\_\_\_\_

Check appropriate box to indicate any changes to name or address below:

**Address Change?**  **Name Change?**

Name:

Address:

Signature of Shareholder

Signature of Shareholder

**Please sign Proxy exactly as your name appears on your stock certificate(s). JOINT OWNERS SHOULD EACH SIGN PERSONALLY. When signing as attorney, executor, administrator, trustee, guardian, partner or corporate officer, please give your full title as such.**