

SYKES ENTERPRISES INC

Form DEF 14A

April 09, 2010

**Table of Contents**

**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.

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

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

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Edgar Filing: SYKES ENTERPRISES INC - Form DEF 14A

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

---

**Table of Contents**

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

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD MAY 10, 2010**

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 Sheraton Riverwalk Hotel, 200 N. Ashley Drive, Tampa, Florida, on Monday, May 10, 2010, at 9:00 a.m., Eastern Daylight Savings Time, for the following purposes:

1. To elect four directors to hold office until the 2013 Annual Meeting of Shareholders;
2. To ratify the appointment of Deloitte & Touche LLP as independent auditors of the Company; and
3. To transact any other business as may properly come before the Annual Meeting.

Only shareholders of record as of the close of business on March 26, 2010, 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 9, 2010

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE  
SHAREHOLDERS MEETING TO BE HELD ON MAY 10, 2010**

This proxy statement and our 2009 Annual Report to Shareholders are available at:  
<https://materials.proxyvote.com/871237>

**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.**

---

**TABLE OF CONTENTS**

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD MAY 10, 2010  
IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE  
SHAREHOLDERS MEETING TO BE HELD ON MAY 10, 2010  
PROXY STATEMENT FOR 2010 ANNUAL MEETING OF SHAREHOLDERS  
SHAREHOLDERS ENTITLED TO VOTE  
PROPOSAL 1:  
ELECTION OF DIRECTORS  
DIRECTORS STANDING FOR ELECTION AT THE 2010 ANNUAL MEETING  
CLASS II -- TERM EXPIRES AT THE 2010 ANNUAL MEETING  
DIRECTORS WHOSE TERMS OF OFFICE CONTINUE  
CLASS I -- TERM EXPIRES AT THE 2011 ANNUAL MEETING  
CLASS III -- TERM EXPIRES AT THE 2012 ANNUAL MEETING  
CORPORATE GOVERNANCE  
MEETINGS AND COMMITTEES OF THE BOARD  
Compensation Committee Interlocks and Insider Participation  
EXECUTIVE COMPENSATION  
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 REGISTERED  
PUBLIC ACCOUNTING FIRM  
AUDIT COMMITTEE DISCLOSURE  
SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE  
DEADLINE FOR RECEIPT OF SHAREHOLDER PROPOSALS  
OTHER MATTERS

---

**Table of Contents**

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

**PROXY STATEMENT  
FOR  
2010 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 Sheraton Riverwalk Hotel, 200 N. Ashley Drive, Tampa, Florida, on Monday, May 10, 2010, 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, 2009, are first being mailed on or about April 9, 2010, to shareholders entitled to vote at the Annual Meeting.

**SHAREHOLDERS ENTITLED TO VOTE**

The record date for the Annual Meeting is March 26, 2010. 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, 47,380,352 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.



**Table of Contents**

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 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 three 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 P. DeLong (Ret.) and Iain A. Macdonald to stand for re-election as CLASS II directors, whose terms will all expire at the 2013 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 Class 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.**



**Table of Contents**

**DIRECTORS STANDING FOR ELECTION AT THE 2010 ANNUAL MEETING**

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

<b>Name</b>	<b>Age</b>	<b>Principal Occupation and Other Information</b>
Paul L. Whiting	66	<p>Paul L. Whiting was elected to the Board of Directors in December of 2003 and was elected Non-Executive 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 &amp; Evenflo Companies, Inc., including Chief Executive Officer. Presently, Mr. Whiting sits on the boards of TECO Energy, Inc. (a public company), Florida Investment Advisors, Inc., The Bank of Tampa and its holding company, The 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.</p> <p><i>Mr. Whiting's public company CEO, CFO and director experience as well as his private investment company business experience provides a unique combination of leadership, financial and business analytical skills, acute business judgment and investment banking knowledge to the Board as the Company's non-executive Chairman.</i></p>
Mark C. Bozek	50	<p>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.</p> <p><i>Mr. Bozek's experience as a public company CEO in a call center enabled business equips him to provide industry insight to the Board and management on strategic and business planning and operations as well as employee relations, development and management succession.</i></p>



**Table of Contents**

Name	Age	Principal Occupation and Other Information
Lt. Gen Michael DeLong (Retired)	64	<p>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. On February 19, 2008, Lt. Gen. DeLong was named President of Boeing Middle East, Ltd. 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 Mac Dill 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 and graduated from the Naval Academy as an Engineer.</p> <p><i>Gen. DeLong's military career, together with his international business executive experience allows him to bring to the Board leadership, and skills in strategic analysis and judgment as well as a knowledge of international business and political environments.</i></p>

4

**Table of Contents**

Name	Age	Principal Occupation and Other Information
Iain A. Macdonald	65	<p>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 since then has been a member of the Audit Committee. During the past 10 years, Mr. Macdonald has served on the boards of a series of technology-based business ventures in the UK which he has assisted to develop and obtain funding. He is currently Chairman of Yakara plc, a developer of SMS telecommunications software solutions, a member of the Board of Northern AIM VCT plc, which is a venture capital investment fund. In 2008 he became a Director of the Scottish Industrial Development Advisory Board, which assesses applications for assistance by the Scottish Government, and he joined the Board of Scottish Enterprise, Scotland's economic development agency. 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.</p>

*Having served as a director of an entity in the UK which was acquired by the Company in 1998, Mr. Macdonald offers a unique institutional viewpoint and depth of industry knowledge. He also brings to the Board considerable leadership, international business, financial and governmental experience.*

5

---

Table of Contents

**DIRECTORS WHOSE TERMS OF OFFICE CONTINUE**

**CLASS I TERM EXPIRES AT THE 2011 ANNUAL MEETING**

<b>Name</b>	<b>Age</b>	<b>Principal Occupation and Other Information</b>
H. Parks Helms	74	<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 and as Chairman of the Mecklenburg County, North Carolina Board of County Commissioners.</p> <p><i>Mr. Helms has served for more than 30 years on the Company's Board, supporting institutional continuity with Company and industry knowledge accumulated through all phases of industry and economic cycles, and through the Company's expansion over that period. He also brings considerable legal, transactional and business skills to the Board.</i></p>

**Table of Contents**

Name	Age	Principal Occupation and Other Information
Linda McClintock-Greco, M.D.	55	<p>Linda McClintock-Greco, M.D. was elected to the Board of Directors in May of 1998 and is a member of the Nominating and Corporate Governance Committee. Dr. McClintock-Greco is currently the Medical Director and President of Age-Less Medicine, practicing quality of life and aesthetic medicine. From 1998 through 2005, Dr. McClintock-Greco was President and Chief Executive Officer of Greco &amp; Assoc. Consulting, a healthcare consulting firm, and in that capacity served as the vice president of Medical Affairs for Entrusted Healthcare Management Services for the State of Florida. Until 1998, she served as Chief Executive Officer and Chief Medical Officer of Tampa General HealthPlan, Inc. (HealthEase) and had spent the past 11 years in the health care industry as both a private practitioner in Texas and a managed care executive serving as the Regional Medical Director with Humana Health Care Plan. Dr. McClintock-Greco also serves on the board of several charitable organizations.</p> <p><i>Dr. McClintock-Greco has considerable experience in multiple facets of the health care industry, both in private practice and administration, bringing to the Company valuable perspective regarding the Company's health care related services, as well as business experience, diversity of viewpoint and judgment.</i></p>

7

**Table of Contents**

Name	Age	Principal Occupation and Other Information
James K. (Jack) Murray, Jr.	74	<p>James K. Murray, Jr., was elected to the Board of Directors in May 2005 and is a member and Chairman of the Finance Committee and a member of the Compensation and Human Resource Development Committee. Mr. Murray currently serves 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 &amp; Bradstreet Corporation (NYSE:DNB) in 1978. From 1978 through 1993, Mr. Murray served in various capacities for Dun &amp; Bradstreet Corporation, including President of Dun &amp; 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 &amp; 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.</p>

*Mr. Murray's diverse experience in both the public company and private venture capital arenas allows him to bring to the Board significant leadership skills as well as business, transactional and financial analytic skills.*

8

---

**Table of Contents**

Name	Age	Principal Occupation and Other Information
James S. MacLeod	62	<p>James S. MacLeod was elected to the Board of Directors in May 2005 and is a member of the Audit Committee, Compensation and Human Resource Development Committee and the Finance Committee. Mr. MacLeod has served as in various positions at CoastalStates Bank in Hilton Head Island, South Carolina since February, 2004 and is currently its President. 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.</p>

*As a result of his extensive financial services background, Mr. MacLeod brings to the Board valuable financial analytical skills and experience, a deep understanding of cash transaction and management issues, as well as business acumen and judgment.*

9



Table of Contents**CLASS III TERM EXPIRES AT THE 2012 ANNUAL MEETING**

Name	Age	Principal Occupation and Other Information
Charles E. Sykes	47	<p>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, Senior 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 currently serves as Chairman of the Greater Tampa Chamber of Commerce, Trustee of the University of Tampa, Secretary-Treasurer of the Tampa Bay Partnership, a director of America's Second Harvest of Tampa and is a member of the Florida Council of 100.</p>

*As the chief executive officer of the Company, Mr. Sykes provides the Board with information gained from hands-on management of Company operations, identifying near-term and long-term goals, challenges and opportunities. As the son of the Company's founder and having worked for the Company for his full career, he brings a continuity of mission and values on which the Company was established.*

**Table of Contents**

Name	Age	Principal Occupation and Other Information
Furman P. Bodenheimer, Jr.	80	<p>Furman P. Bodenheimer, Jr. was elected to the Board of Directors in 1991 and is a member of the Nominating and Corporate Governance Committee and the Finance Committee. Mr. Bodenheimer has been Chairman 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 &amp; Trust Company in North Carolina, where he was employed for 30 years. Mr. Bodenheimer is also a retired Brigadier General in the United States Army and from 1994 to 2008 owned Zickgraf Hardwood Flooring Company, an international wood flooring company with extensive operations in Central Europe, the UK and Japan.</p> <p><i>Mr. Bodenheimer has served for almost 20 years on the Company's Board, supporting institutional continuity with Company and industry knowledge accumulated through all phases of industry and economic cycles, and through the Company's expansion over that period. He also brings considerable business experience and judgment as well as financial and international business acumen and diversity of viewpoint and experience.</i></p>
William J. Meurer	66	<p>William J. Meurer was elected to the Board of Directors in October 2000 and is a member and Chairman of the Audit Committee and a member of the Finance 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 Eagle Family of Funds and Walter Investment Management Corporation.</p> <p><i>As former managing partner of an international public accounting firm, Mr. Meurer brings to our Board relevant experience with financial accounting, audit and reporting issues, SEC filings and complex corporate transactions.</i></p>

**Table of Contents**

**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](http://www.sykes.com), by clicking on Investor Relations and then 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, director 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;

**Table of Contents**

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.

***Leadership Structure***

Upon the 2005 retirement of Mr. John Sykes, the Company's founder, Chief Executive Officer and Chairman, the Board elected to change the leadership structure to separate the Chief Executive Officer position from that of the Chairman of the Board. The Board determined in 2005 that the change in leadership created an opportune time to change the leadership structure, and that the Company would benefit from having an independent non-employee Chairman who could provide a diversity of view and experience in consultation with the newly elected President and Chief Executive Officer. The Board continues to believe that the Company is best served by having this bifurcated leadership structure.

***Risk Oversight***

The Board has determined that the role of risk oversight will currently remain with the full Board as opposed to having responsibility delegated to a specific committee. Management has created an enterprise risk management committee which is primarily responsible for identifying and assessing enterprise risks, developing risk responses and evaluating residual risks. The chairperson of the management committee reports directly to the full Board.

***Related Party Transactions***

During the year ended December 31, 2009, the Company paid \$42,259 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. On January 25, 2008, the Company entered into a real estate lease with Kingstree Office I, LLC, an entity controlled by Mr. John Sykes relating to the Company's call center in Kingstree, South Carolina. On May 21, 2008 the Audit Committee of the Board reviewed this transaction and recommended approval to the full Board, which also approved the transaction. During the year ended December 31, 2009, the Company paid \$395,950 to Kingstree Office I, LLC as rent on the Kingstree facility. On January 2, 2008, the Company entered into a Continuing Services Agreement in order to secure the services of David P. Reule, the Company's former Sr. Vice President of Real Estate who retired on December 31, 2007. Upon retirement from the Company, Mr. Reule joined JHS Equity, LLC, a company controlled by Mr. John Sykes. Mr. Reule provided transitional services for the Company

during 2008 and first quarter, 2009 primarily related to completion of a call center under construction at the time of his retirement, for which the Company paid \$1,700 to JHS Equity, LLC during the year ended

**Table of Contents**

December 31, 2009. On May 21, 2008, the Audit Committee of the Board reviewed this transaction and recommended approval to the full Board, which also approved the transaction.

***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, determining that the amount paid was not material. 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 in 2009 was not material. The Board has determined that these arrangements do not affect the independence of the subject Board members. Based upon these standards, at its meeting held on March 25, 2010, 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 shareholder 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.      |

***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. The Committee considers all relevant criteria including age, skill, integrity, experience, education, time availability, stock exchange listing standards, and applicable federal and state laws and regulations. The Committee has a specific goal of creating and maintaining a board with the heterogeneity, skills, experience and personality that lend to open, honest and vibrant discussion, consideration and analysis of Company issues, and accordingly the Committee also considers individual qualities and attributes that will help create the desired heterogeneity.

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





## **Table of Contents**

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 three 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 ten 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; (4) any legal proceedings involving the nominee during the previous ten years and (5) 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 Senior Vice President and General Counsel, relates to concerns or complaints regarding accounting, internal accounting controls and auditing matters is summarized and the



**Table of Contents**

summary and a copy of the correspondence is forwarded to the Chairman 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 as well as the Senior 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 shareholders meetings. The Board met seven times during 2009, of which four were regularly scheduled meetings and three of which were unscheduled meetings. The Board also acted twice by unanimous written consent in 2009. 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, 2009. All of the directors attended the 2009 Annual Meeting of Shareholders on May 20, 2009.

**Committees of the Board**

The Board has four standing committees to facilitate and assist the Board in the execution of its responsibilities. The Board may also establish special committees as needed to assist the Board with review and consideration of non-routine matters. The standing committees are the Audit Committee, Finance Committee, the Compensation and Human Resource Development Committee and the Nominating and Corporate Governance Committee. 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 Investor Relations and then on Corporate Governance. The charter of each committee is also available in print to any shareholder who requests it. The table below shows membership for the entire year 2009 for each of the standing Board committees. Mr. MacLeod was appointed to serve on the Audit Committee on August 20, 2009.

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

*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. In 2009, the Audit Committee held nine 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.

## **Table of Contents**

*Finance Committee.* The principal purpose of the Finance Committee is to assist the Board of Directors in evaluating significant investments and other financial commitments by the Company. The Committee has the authority to review and make recommendations to the Board with respect to debt and equity limits, equity issuances, repurchases of Company stock or debt, policies relating to the use of derivatives, and proposed mergers, acquisitions, divestitures or investments by the Company that require approval by the full Board. The Committee also has authority to approve capital expenditures not previously approved by the Board of Directors. The level of authority applies to capital expenditures in excess of \$2 million but less than \$5 million. This authority is used and the Committee convened only when management recommends a decision prior to the next Board meeting. In 2009, the Finance Committee held four meetings. The Committee is governed by a written charter, which is reviewed on an annual basis.

*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. In 2009, the Nominating and Corporate Governance Committee held four meetings. The Committee is governed by a written charter, which is reviewed on an annual basis.

*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 shareholders. 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. In 2009, the Committee held six meetings. The Committee is governed by a written charter, which is reviewed on an annual basis.

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

[None]

## **EXECUTIVE COMPENSATION**

### **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

## **Table of Contents**

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.

### **Consultant Review of Executive Compensation**

In accordance with the Committee's Charter, the Committee has the authority to retain any outside counsel, consultants or other advisors to the extent deemed necessary and appropriate, including the sole authority to approve the terms of engagement and fees related to services provided. Pursuant to the authority under the Committee's charter, the Committee directly engaged Mercer (US) Inc., a wholly owned subsidiary of Marsh & McLennan Companies, Inc. ( 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 decisions 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. The Committee paid Mercer \$80,382 for the services provided to it during 2009.

Mercer was also engaged by management of the Company to provide executive and global compensation reviews and to provide advice regarding Company retirement and savings plans, benefits, expatriate compensation and mergers and acquisitions. The Company paid Mercer \$150,550 for these services provided during 2009 and the Committee approved the engagement of Mercer by management and reviewed and approved the fees for such services.

The Committee carefully considered the decision to engage Mercer in light of the potential conflicts of interest that could result from the concurrent engagement of Mercer by management. The Committee determined that the benefits and efficiencies obtained from Mercer's extensive knowledge of the Company and its access to industry metrics generally made Mercer the appropriate consultant to provide the particular services required by the

## **Table of Contents**

Committee. When appropriate, the Committee has discussions with its consultant without management present to ensure candor and impartiality.

### **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 making its compensation decisions for 2009, the Committee compared each element of total compensation against a peer group of twelve (12) other publicly traded companies (the Compensation Peer Group). The Committee selected the companies included in the Compensation Peer Group because they compete with the Company in the customer contact management or business process outsourcing segments or are of a similar size in revenue, located in generally the same geographical location as the Company and have a similar business model, therefore competing with the Company for executive talent. The composition of the Compensation Peer Group is 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 2009 were:

Genpact, Ltd.	StarTek, Inc.
Kforce, Inc.	TechTeam Global, Inc.
ExlService Holdings, Inc.	Alliance Data Systems
Convergys Corporation	TeleTech Holdings, Inc.
ICT Group, Inc.	APAC Customer Services, Inc.
MPS Group, Inc.	Spherion Corp.

The only change in the Compensation Peer Group from 2008 to 2009 was the elimination of Etelecare Global Solutions due to its acquisition by a competitor.

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 3 general categories, (growth measures, margin measures, and shareholder measures) which included 11 specific performance metrics of the Company on both a 1-year and 3-year comparison against the Compensation Peer Group. The growth performance metrics measured were: (a) revenue, (b) net income, (c) free cash flow, (d) diluted EPS, and (e) EBITDA. The margin performance metrics measured were: (a) gross profit, (b) net profit, (c) operating income, and (d) EBITDA. The margin performance measures were defined as: (a) gross profit margin = revenues less cost of goods sold divided by revenues; (b) net profit margin = income before extraordinary items divided by revenues; (c) operating income margin = operating income before depreciation and amortization divided by revenues; and (d) EBITDA margin = EBITDA divided by revenues. The shareholder performance metrics measured were: (a) total shareholder return as of 12/31/08 and (b) price to earnings ratio as of 12/31/08. Based upon fiscal year end 2008 figures, the Company exceeded the Compensation Peer Group growth performance metrics at the 75<sup>th</sup> percentile in all of the five (5) measured metrics on a 1-year comparison, and exceeded the Compensation Peer Group at the 50<sup>th</sup> percentile on two (2) of the five measured metrics and at the 75<sup>th</sup> percentile on another two (2) of the five (5) measured metrics on a 3-year comparison. The Company exceeded the Compensation Peer Group margin performance metrics at the 50<sup>th</sup> percentile in one (1) of the four (4) measured metrics, and at the 75<sup>th</sup> percentile on the other three (3) on a 1-year comparison, and exceeded the Compensation Peer Group margin





## **Table of Contents**

performance metrics at the 50<sup>th</sup> percentile on two (2) of the measured metrics, and at the 75<sup>th</sup> percentile on the other two (2) measured metrics on a 3-year comparison. The Company exceeded the Compensation Peer Group shareholder performance metrics at the 50<sup>th</sup> percentile on one (1) of the two (2) measured metrics, and ranked number one on the other on a 1-year comparison, and exceeded the Compensation Peer Group at the 50<sup>th</sup> percentile on (1) of the measured metrics, and ranked number 1 on the other measured metric on a 3-year comparison. Based upon the measures and weightings used by Mercer in its analysis, the Company exceeded the performance of the Compensation Peer Group's overall performance at the 75<sup>th</sup> percentile on a 1-year comparison, and at approximately the 70<sup>th</sup> percentile on a 3-year comparison.

When comparing the average aggregate total cash compensation paid by the Company in 2008 to its top four (4) highest paid proxy-named executive officers to that paid by the Compensation Peer Group, the Company ranked just above the 50<sup>th</sup> percentile, with the Chief Executive Officer ranking at the top end of the 50<sup>th</sup> percentile. Average current salaries of the Company's named executive officers, and the entire executive management team, are also just above the 50<sup>th</sup> percentile of the Compensation Peer Group, with the Chief Executive Officer ranking at the top end of the 50<sup>th</sup> percentile. When comparing average aggregate total direct compensation paid by the Company in 2008 to its top four (4) highest paid proxy-named executive officers to that paid by the Compensation Peer Group, the Company ranked between the 50<sup>th</sup> and 75<sup>th</sup> percentiles, with the Chief Executive Officer also ranking between the 50<sup>th</sup> and 75<sup>th</sup> percentiles.

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. Although there is no pre-established policy for the allocation between either cash and non-cash or short-term and long-term performance-based incentive compensation, in 2009 the Committee (with the advice and recommendations of Mercer) continued the structure utilized in 2008, which determined performance-based incentives as a percentage of base salary validated against current market data. The recommendations provided by Mercer were based upon a review of 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. 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 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 years 2007 through 2009 has been 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



**Table of Contents**

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 approximately 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. A review of relevant market data in 2008 by Mercer indicated that the base salaries of the named executive officers were in line with the benchmarking parameters established by the Committee. Although the Company generally outperformed the Compensation Peer Group, the Committee determined that the compensation of the named executive officers related to Company performance was being adequately addressed through yearly and long term incentive bonuses. Accordingly, the Committee recommended to the Board, and the Board approved that there be no adjustments made to the base salaries of the named executive officers in 2009. Additionally, the Committee has made no recommendations for adjustments to base salaries of the named executive officers for 2010 as of the date of the proxy statement.

***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 2009, the annual cash incentive component of total direct compensation paid to the President and Chief Executive Officer, and all other executive officers, was determined based solely upon the achievement of pre-determined corporate financial 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

**Table of Contents**

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 2009, the target award percentages were set at 100% of base salary for the President and Chief Executive Officer, 70% of base salary for the Chief Financial Officer, and between 30% and 60% of base salary for each of the other named executive officers and members of the executive leadership team.

For fiscal year 2009, the Committee met with management and reviewed the Company's operating plan for 2009 to establish the target financial goal of the Company on which the annual performance-based cash incentive compensation awards would be based. The Committee determined that goal to be \$52,853,000 of consolidated earnings before taxes. The amount each named executive officer received in 2009 under our annual performance-based cash incentive compensation program has been reported in the Summary Compensation Table in the Non-Equity Incentive Compensation column.

Each of the named executive officers for the fiscal year ended December 31, 2009, received the following payments in March 2010 as payment of the annual cash performance bonus earned for fiscal year 2009 performance.

<b>Name</b>	<b>2009 Annual Cash Performance Bonus</b>
Charles E. Sykes	\$ 582,570
W. Michael Kipphut	\$ 296,588
James C. Hobby	\$ 213,226
Lawrence R. Zingale	\$ 204,646
James T. Holder	\$ 114,399

Subsequent to the end of fiscal year 2009, the Compensation Committee recommended to the Board, and the Board approved, a special recognition cash bonus to various individuals for extraordinary efforts in connection with the successful acquisition of ICT Group, Inc. The amount of each bonus was determined by a review of each individual's specific contribution, including objective criteria such as additional hours worked and subjective criteria such as specialized expertise. Included in the group receiving a special recognition bonus were W. Michael Kipphut, who received \$187,500, and James T. Holder, who received \$106,250.

***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



**Table of Contents**

countries who would suffer unfavorable tax consequences due to local tax laws if they were to receive restricted stock) and time vested stock appreciation rights ( SARs ). The Committee's purpose for utilizing SARs as a component of executive long-term incentive bonus compensation is to align that portion of bonus compensation directly with shareholder interest in stock appreciation. 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 awarded to executive officers represent the right to receive, on the specified dates, 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 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.

In setting financial targets, the Committee recognizes the benefit of rewarding achievement of revenue and income goals independently. Due to the effort and skill necessary to translate top line revenue into the desired level of bottom line net income, the Committee determined, based upon benchmarking data provided by Mercer as applied to specific economic dynamics of the Company, that one-third of the performance-based long-term equity incentive compensation would be based upon attainment of revenue goals and two-thirds would be based upon the attainment of income goals, all as recommended by the Committee to the Board each year. The Committee believes that incentives tied to revenue, income and stock performance provide a balanced program most closely aligning management and shareholder interests. Utilizing this framework, the Committee meets with management each year to review the proposed operating plan for the upcoming year, and in conjunction with the Board approval of an operating plan, together with growth goals for the succeeding two years, sets the financial targets for the next three-year performance cycle. The Committee first utilized this method for determining long-term incentive compensation on a three-year performance cycle for the performance cycle beginning January 1, 2005 and has continued utilizing this method through 2010.

*2006 through 2008 Performance Cycle.* 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 were to 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 represented the minimum performance that still warranted incentive recognition for that particular goal, and was to be paid at 80% of the target award level. Maximum performance represented the highest level likely to be attained and was to be paid at 150% of the target award level. None of the restricted stock awards would have vested or have been delivered to any executive of the Company if our financial results had not exceeded 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

**Table of Contents**

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, 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 was that gross revenue from operations of the Company, as reported in its audited Consolidated Statements of Operations, 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 SAR awards vested in equal one-third amounts on each of March 29, 2007, March 29, 2008 and March 29, 2009. The financial targets were achieved at the 150% level and the stock was delivered to the award recipients on March 30, 2009.

*2007 through 2009 Performance Cycle.* In December, 2006, the Committee established minimum, target and maximum Company financial performance levels for the performance-based long-term equity incentive component of total direct compensation that were to 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, 2007 and ending on December 31, 2009. Threshold performance represented the minimum performance that still warranted incentive recognition for that particular goal, and would be paid at 80% of the target award level. Maximum performance represented the highest level likely to be attained and would be paid at 150% of the target award level. None of the restricted stock awards would have vested or have been delivered to any executive of the Company if our financial results had not exceeded the threshold determined for that three-year measurement period. For the three-year performance cycle beginning in fiscal year 2007, 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 during fiscal years 2007, 2008 and 2009 (measured from January 1, 2007 through December 31, 2009) equaled at least \$110,210,000. The target goal for one third of the performance-based restricted share awards was that gross revenue from operations of the Company, as reported in its audited Consolidated Statements of Operations (measured from January 1, 2007 through December 31, 2009) equaled at least \$1,992,000,000. The SAR awards vested in equal one-third amounts on each of March 29, 2008, March 29, 2009 and March 29, 2010. The financial targets were achieved at the 150% level and the stock was delivered to the award recipients on March 5, 2010.

*2008 through 2010 Performance Cycle.* In December, 2007, the Committee 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, 2008

**Table of Contents**

and ending on December 31, 2010. 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 2008, 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, during fiscal years 2008, 2009 and 2010 (measured from January 1, 2008 through December 31, 2010) equals at least \$183,720,000. In December, 2009, in an effort to remove any management disincentive in connection with the 2010 acquisition of ICT Group, Inc. (the ICT Transaction), the Committee recommended, and the Board approved, that this target be adjusted downward by the sum of: (a) depreciation related to assets acquired in the ICT Transaction that were revalued for accounting purposes and will be depreciated in the future, and amortization of intangibles related to the ICT Transaction; (b) costs to obtain synergies from the ICT Transaction; (c) ICT Transaction costs; and (d) restructuring and impairment charges incurred in 2010 related to the ICT Transaction. 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 during fiscal years 2008, 2009 and 2010 (measured from January 1, 2008 through December 31, 2010) equals at least \$2,388,953,000. The SAR awards vest in equal one third amounts based upon the executive being employed by the Company on each of January 2, 2009, January 2, 2010 and January 2, 2011.

*2009 through 2011 Performance Cycle.* In December, 2008, the Committee 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, 2009 and ending on December 31, 2011. 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 2009, 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 183% of base salary for the President and Chief Executive Officer, 93% of base salary for the Chief Financial Officer, and between 20% and 93% 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 92% of base salary for the President and Chief Executive Officer, 47% of base salary for the Chief Financial Officer, and between 23% and 47% 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, during fiscal years 2009, 2010 and 2011 (measured from January 1, 2009 through December 31,



**Table of Contents**

2011) equals at least \$230,351,000. In December, 2009 in an effort to remove any management disincentive in connection with the ICT Transaction, the Committee recommended, and the Board approved, that this target be adjusted downward by the sum of: (a) depreciation related to assets acquired in the ICT Transaction that were revalued for accounting purposes and will be depreciated in the future, and amortization of intangibles related to the ICT Transaction; (b) costs to obtain synergies from the ICT Transaction; (c) ICT Transaction costs; and (d) restructuring and impairment charges incurred in 2010 related to the ICT Transaction. 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 during fiscal years 2009, 2010 and 2011 (measured from January 1, 2009 through December 31, 2011) equals at least \$2,821,514,000. The SAR awards vest in equal one third amounts based upon the executive being employed by the Company on each of January 5, 2010, January 5, 2011 and January 5, 2012.

*2010 through 2012 Performance Cycle.* In March, 2010, the Committee 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, 2010 and ending on December 31, 2012. 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 2010, 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 183% of base salary for the President and Chief Executive Officer, 93% of base salary for the Chief Financial Officer, and between 20% and 93% 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 92% of base salary for the President and Chief Executive Officer, 47% of base salary for the Chief Financial Officer, and between 23% and 47% 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 Adjusted Income from Operations of the Company during fiscal years 2010, 2011 and 2012 (measured from January 1, 2010 through December 31, 2012) equals at least \$326,468,000. Adjusted Income from Operations means Operating Income, as reported in the Company's audited Consolidated Statement of Operations, plus an amount equal to the sum of (a) depreciation related to assets acquired in the 2010 acquisition of ICT Group, Inc. (the ICT Transaction) that were revalued for accounting purposes and will be depreciated in the future, and amortization of intangibles related to the ICT Transaction; (b) costs to obtain synergies from the ICT Transaction; (c) ICT Transaction costs; and (d) restructuring and impairment charges incurred in 2010 related to the ICT Transaction. 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 during fiscal years 2010, 2011 and 2012 (measured from January 1, 2010 through December 31, 2012) equals at least \$4,038,850,000. The SAR awards vest in equal one third amounts based upon the executive being employed by the Company on each of January 5, 2011, January 5, 2012 and January 5, 2013.

The amount each named executive officer received as performance-based long-term equity incentive compensation for each of the three-year measurement periods beginning in 2007, 2008 and 2009 has been reported in the summary compensation table in the Stock Awards column.

## **Table of Contents**

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

Participation in the Executive Deferred Compensation Plan (the EDC Plan ) is limited to employees at the Director level and above within the Company s organizational structure (currently, in ascending order, Directors, Senior Directors, Executive Directors, Vice Presidents, Senior Vice Presidents, and the President) including all of the named executive officers. Participants in the EDC 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 EDC Plan by the Company are made in the form of Company common stock.

Compensation deferred by a participant while participating in the EDC Plan is deferred until such participant s retirement, termination, disability or death, or a change in control of the Company, as defined in the EDC 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 a participant s 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 on the first day of the second month following the death or disability.

In the event the participant terminates employment (for reasons other than death, disability or retirement) without participating in the EDC 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 EDC 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 EDC 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 EDC 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 benefits for the Senior Vice Presidents and the President 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 EDC 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, 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. These amounts represented mainly Company matches to the EDC Plan, excess group term life insurance premiums and additional compensation paid to executive employees related to the cost of executive physicals and other 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



## **Table of Contents**

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 39 under Potential Payments Upon 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 per year 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. Final regulations have now become effective and the Company has amended its agreements containing deferred compensation components to comply with those regulations. A more detailed discussion of the Company's nonqualified deferred compensation arrangements is provided on page 27 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 ASC Topic 718 (formerly FAS Statement 123(R)).

**Table of Contents**

**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

**Table of Contents****SUMMARY COMPENSATION TABLE**

The table below summarizes the total compensation paid to, or earned by each of the named executive officers for the fiscal years ending December 31, 2009, December 31, 2008 and December 31, 2007. 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.

The named executive officers were not entitled to receive payments which would be characterized as **Bonus** payments for the fiscal years ended December 31, 2009, December 31, 2008 and December 31, 2007. Amounts listed under column (g), **Non-Equity Incentive Plan Compensation** were paid in accordance with parameters determined by the Committee at its December 2, 2008, December 5, 2007 and December 21, 2006 meetings, respectively, and were paid in March 2010, March, 2009 and March, 2008, respectively.

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	
Name and Principal Position	Year	Salary (\$) (1)	Bonus (\$)	Stock Awards (\$) (2)	Option Awards (\$) (2)	Non-Equity Incentive Plan Compensation (\$) (3)	Change in Pension Value and Non-qualified Incentive Compensation (\$)	Deferred Compensation (\$)	All Other Compensation (\$)	Total (\$)
							Earnings	(\$)	(\$)	
Charles E. Sykes	2009	571,147	0	1,008,837	504,167	582,570	0	29,303		2,696,023
President and Chief Executive Officer	2008	500,000	0	666,998	333,333	465,000	0	25,401		1,990,732
	2007	500,000	0	666,669	333,333	468,750	0	24,995		1,993,747
W. Michael Kipphut	2009	415,390	0	373,519	186,665	296,588	0	30,540		1,302,702
Senior Vice President & Chief Financial Officer	2008	374,558	0	294,944	147,400	290,282	0	32,949		1,140,133
	2007	368,500	0	294,800	147,400	276,375	0	33,522		1,120,597
James C. Hobby	2009	348,408	0	313,288	156,569	213,226	0	28,245		1,059,736
Senior Vice President - Global Operations	2008	310,866	0	203,432	101,667	202,374	0	23,063		841,402
	2007	303,270	0	203,336	101,667	190,625	0	21,684		820,582
Lawrence R. Zingale	2009	334,390	0	300,686	150,270	204,646	0	23,999		1,013,991
Senior Vice President - Global Sales and Client Management	2008	316,769	0	203,432	101,667	206,217	0	15,677		843,762
	2007	305,000	0	203,336	101,667	190,625	0	20,542		821,170
James T. Holder	2009	280,390	0	126,075	63,003	114,399	0	21,497		605,364
Senior Vice President	2008	249,565	0	98,267	49,118	123,784	0	19,573		540,307
General Counsel and Corporate Secretary	2007	238,462	0	94,039	47,000	119,231	0	20,599		519,331

(1) The amounts shown in column (c) include amounts resulting from a 27<sup>th</sup> pay period that fell into 2009.

- (2) The amounts shown in column (e) and (f) represent awards pursuant to long term incentive bonus programs (restricted stock and stock appreciation rights respectively) established by the Compensation and Human Resource Development Committee. The amounts are valued based on the aggregate grant date fair value of the awards in accordance with FASB ASC Topic 718, Compensation - Stock Compensation (formerly FAS 123(R)). Amounts for 2008 and 2007 have been recalculated using the same methodology in accordance with SEC rules. See Notes 1 and 23 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2009 filed on March 1, 2010 for a discussion of the relevant assumptions used in calculating the grant date fair value in accordance with FASB ASC Topic 718.

**Table of Contents**

(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 22 under the heading Performance Based Annual Cash Incentive Compensation.

(4) The amounts shown in column (i) reflect for each named executive officer:

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 27 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.



**Table of Contents****GRANTS OF PLAN-BASED AWARDS**

The following table provides information about equity and non-equity awards granted to the named executives in 2009, 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.

	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 of Stock or Units (#)(3)	(j) All Other Awards: Number of Securities Underlying Options (#)(4)	(k) Exercise or Base Price of Option Awards (\$/sh)	(l) Grant Date Fair Value of Stock or Option Awards (\$)	
	(b) Grant Date	(c) Threshold (\$)	(d) Target (\$)	(e) Maximum (\$)	(f) Threshold (#)	(g) Target (#)	(h) Maximum (#)				
les E.	1/02				40,943	51,236	76,816			19.69	1,008,
s	1/02								67,947	19.69	504,
	1/02	275,000	550,000	825,000							
	3/31							721		16.63	11,
rael	1/02				15,159	18,970	28,441			19.69	373,
hut	1/02								25,157	19.69	186,
	1/02	140,000	280,000	420,000							
	3/31							450		16.63	7,
	6/30							132		18.09	2,
	9/30							100		20.82	2,
ence	1/02				12,203	15,271	22,895			19.69	300,
ngale	1/02								20,252	19.69	150,
	1/02	96,600	193,200	289,800							
	3/31							194		16.63	3,
	6/30							153		18.09	2,
	9/30							133		20.82	2,
	12/31							126		25.47	3,
s C.	1/02				12,715	15,911	23,855			19.69	313,
y	1/02								21,101	19.69	156,

Edgar Filing: SYKES ENTERPRISES INC - Form DEF 14A

1/02	100,650	201,300	301,950						
3/31						721		16.63	11,
1/02				5,116	6,403	9,599		19.69	126,
1/02							8,491	19.69	63,
1/02	54,000	108,000	162,000						
3/31						721		16.63	11,

(1) These amounts are based on the individual's current salary and position.

**Table of Contents**

- (2) Where amounts are shown in columns (f) and (h), then 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. 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 Plan.
- (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 22 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 FASB ASC Topic 718 (formerly FAS Statement 123(R)).

**Table of Contents****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)	(g)	Stock Awards		
		(c)	(d)	(e)			(h)	(i)	(j)
Name	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options	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 2007-2009 LTI RS(2)								56,689	1,443,869
2007-2009 SARs(3)	28,786	14,392		17.64	01/02/17				
2008-2010 LTI RS(4)								48,747	1,241,586
2008-2010 SARs(5)	15,432	30,864		17.87	01/02/18				
2009-2011 LTI RS(6)								40,968	1,043,455
2009-2011 SARs(7)		67,947		19.69	01/05/19				
W. Michael Kipphut 2006-2008 LTI SARs(1)	20,731			14.56	03/29/16				
2007-2009 LTI RS(2)								25,068	638,482
2007-2009 SARs(3)	12,729	6,364		17.64	01/02/17			21,555	549,006

2008-2010 LTI RS(4)							
2008-2010 SARs(5)	6,824	13,648	17.87	01/02/18			
2009-2011 LTI RS(6)						15,168	386,329
2009-2011 SARs(7)		25,157	19.69	01/05/19			
Lawrence R. Zingale 2007-2009 LTI RS(2)						17,290	440,376
2007-2009 LTI SARs(3)		4,389	17.64	01/02/17			
2008-2010 LTI RS(4)						14,868	378,668
2008-2010 SARs(5)		9,413	17.87	01/02/18			
2009-2010 LTI RS(6)						12,210	310,989
2009-2011 SARs(7)		20,252	19.69	01/05/19			
EDC Match(8)					956	24,349	
James C. Hobby 2007-2009 LTI RS(2)						17,290	440,376
2007-2009 LTI SARs(3)	8,780	4,389	17.64	01/02/17			
2008-2010 LTI RS(4)						14,868	378,688
2008-2010 SARs(5)	4,707	9,413	17.87	01/02/18			
2009-2011 LTI RS(6)						12,722	324,029
2009-2010 SARs(7)		21,101	19.69	01/05/19			
EDC Match(8)					1,366	34,792	
James T. Holder 2007-2009 LTI RS(2)						7,993	203,582
2007-2009 SARs(3)		2,029	17.64	01/02/17			
2008-2010 LTI RS(4)						7,182	182,926
2008-2010 SARs(5)		4,548	17.87	01/02/18			
2009-2011 LTI RS(6)						5,119	130,381
2009-2011 SARs(7)		8,491	19.69	01/05/19			

**Table of Contents**

- (1) 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.
- (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 2007-2009 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 2007-2009 performance measurement period.
- (4) 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 2008-2010 performance measurement period.
- (5) 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 2008-2010 performance measurement period.
- (6) 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 2009-2011 performance measurement period.
- (7) 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 2008-2010 performance measurement period.
- (8) The figures in this row represent restricted shares granted to the named executive officer as matching contributions by the Company under 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 2009, 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	
	(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.(1)			721	11,990
2006 LTI RS(2)			68,510	1,109,862
2006 SARs(3)	19,161	470,211		
W. Michael Kipphut				
Options				
EDC Matching Contr.(1)	110,000	587,901	682	11,954

2006 LTI RS(2)  
2006 SARs

30,371

492,010

**Table of Contents**

(a) Name	Options Awards		Stock Awards	
	(b) Number of Shares Acquired On Exercise (#)	(c) Value Realized on Exercise (\$)	(d) Number of Shares Acquired on Vesting (#)	(e) Value Realized on Vesting (\$)
Lawrence R. Zingale				
Options				
EDC Matching Contr.(1)			471	12,045
2006 LTI RS(2)			21,053	341,059
2006 SARs(3)	1,516	32,533		
2007 SARs(4)	1,562	33,521		
2008 SARs(5)	787	16,889		
James C. Hobby				
Options				
EDC Matching Contr.(1)			1,635	39,550
2006 LTI RS(2)			18,982	307,508
2006 SARs(3)	5,476	139,638		
James T. Holder				
Options				
EDC Matching Contr.(1)			721	11,990
2006 LTI RS(2)			3,974	64,379
2006 LTI RS(3)			441	7,065
2007 SARs(4)	1,268	32,537		
2008 SARs(5)	690	17,705		

(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 ended December 31, 2009.

(2) Reflects the number of restricted shares vested (column (d)) and value at the time of vesting (column (e)) from the grant of a long term incentive award to the named executive officer relating to the 2006-2008 performance period

(3) Reflects the number of stock appreciation rights granted in 2006 which were exercised by the named executive officer during 2009 (column (b)) and the value of the stock appreciation rights exercised (column (c)).

(4) Reflects the number of stock appreciation rights granted in 2007 which were exercised by the named executive officer during 2009 (column (b)) and the value of the stock appreciation rights exercised (column (c)).

(5) Reflects the number of stock appreciation rights granted in 2008 which were exercised by the named executive officer during 2009 (column (b)) and the value of the stock appreciation rights exercised (column (c)).



**Table of Contents****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 31st 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, 2009, 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>
AIM Mid Cap Core Equity A	30.16	Evergreen Money Market A	00.26
Columbia Small Cap Index A	25.19	PIMCO Total Return A	13.33
Janus Balanced Fund Class S	N/A(1)	Columbia Small Cap Value I A	24.44
		American Century Inf-Adj Bond	
Van Kampen Comstock R	29.13	Inv.	10.58
Evergreen Equity Index A	25.91	AIM Small Cap Growth A	34.52
American Funds Growth Fund of America R3	34.12	Evergreen International Equity A	15.38
Goldman Sachs Mid Cap Value A	33.98		

(1) The Janus Balanced Fund Class S was not available for a full year, and therefore no yearly rate of return is available.

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.

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 benefits for the Senior Vice Presidents and the President 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.

**Table of Contents**

The following table shows information regarding contributions by the named executive officers, the Company's matching contributions, aggregate earnings on contributions during fiscal year 2009, and the aggregate balance at year end. There were no distributions from the plan to named executive officers during fiscal year 2009.

(a) Name	(b) Executive Contributions in Last Fiscal Year(1) (\$)	(c) Company Contribution in Last Fiscal Year(2) (\$)	(d) Aggregate Earnings in Last Fiscal Year (\$)	(e) Aggregate Withdrawals/ Distributions (\$)	(f) Aggregate Balance at Last Fiscal Year End(3) (\$)
Charles E. Sykes	24,000	11,990	51,146	0	195,077
W. Michael Kipphut	30,200	11,954	75,872	0	394,750
Lawrence R. Zingale	24,000	11,972	18,443	0	92,315
James C. Hobby	80,842	11,990	69,641	0	476,177
James T. Holder	24,000	11,990	40,246	0	168,221

- (1) The amounts shown are included in the amounts of salary in column (c) of the Summary Compensation Table.
- (2) The amounts shown are included in the amounts of Other Compensation in column (i) of the Summary Compensation Table.
- (3) The amounts shown include 100% of the aggregate executive and Company contributions which have all been reported in the Summary Compensation Table.

**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, 2009:

(a) Number of Securities to be Issued Upon Exercise of Options, Warrants and Rights	(b) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by shareholders <sup>(1)</sup>	165,799	8.05 <sup>(2)</sup> 6,156,815

Equity compensation plans not approved by shareholders	71,012 <sup>(3)</sup>	N/A <sup>(3)</sup>
Totals	236,811	6,156,815

(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.

**Table of Contents**

- (3) Represents shares of common stock of Sykes issued as matching grants under the Executive Deferred Compensation Plan for executives described on page 27 above. There is no specific number of shares reserved for issuance under the Executive 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 23 of our consolidated financial statements in the Annual Report on Form 10-K for the year ended December 31, 2009 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, 2009, 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 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 the Company Without Cause, or by the Executive with Good Reason**

In the event the employment of Mr. Sykes or Mr. Kipphut is terminated by the Company prior to the expiration of any renewal period for any reason other than death, disability, or cause (as defined in their respective employment agreements), or if such officer terminates his employment agreement prior to the expiration of the renewal period for good reason (as defined in their respective employment agreements, other than a termination by the officer in connection with a change of control (as defined in his employment agreement)), the officer will be entitled to the following payments:

Mr. Sykes will be entitled to receive an amount equal to two times his annual base salary.

Mr. Kipphut will be entitled to receive an amount equal to his annual base salary, plus an amount equal to the maximum annual performance bonus he could earn under the performance based bonus plan in which Mr. Kipphut is then participating.

## **Table of Contents**

In the event that such officer terminates his employment agreement in connection with a change of control, such officer will be entitled to receive the benefits listed under the heading **Payments Made Upon a Change of Control** below.

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.

Except as provided below, the foregoing amounts are to be paid biweekly in equal installments over 52 weeks, commencing immediately upon such officer's separation from service. If such officer is determined to be a specified employee on the date of his separation from service (each as defined in Section 409(A) of the Internal Revenue Code and applicable regulations), to the extent that he is entitled to receive any benefit or payment upon such separation from service under the employment agreement that constitutes deferred compensation within the meaning of Section 409A of the Internal Revenue Code before the date that is six months after the date of his separation from service, such benefits or payments will not be provided or paid to him on the date otherwise required to be provided or paid. Instead, all such amounts shall be accumulated and paid in a single lump sum on the first business day after the date that is six months after the date of his separation from service (or, if earlier, within fifteen (15) days following his date of death). All remaining payments and benefits otherwise required to be paid or provided on or after the date that is six months after the date of his separation from service will be paid or provided or paid in accordance with the payment schedule described above.

### **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 utilizing multiple plans. The base long term disability plan provides for a benefit to the executives of 70% of base salary, up to a maximum of \$15,000 per month. The base long term disability plan is supplemented with two individual policy plans designed to provide the executives with long term disability insurance approximating 75% of covered compensation.

### **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 terminates their employment in connection with a change of control (as defined in their employment agreement), instead of the benefits listed under the heading **Payments Made Upon Termination**, they will receive the following benefits:

Mr. Sykes. Mr. Sykes will be entitled to receive an amount equal to three times his then current base salary, plus 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. The target bonus amount is to be determined under the performance based bonus plan in which Mr. Sykes is then participating. In addition, 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.





**Table of Contents**

**Mr. Kipphut.** Mr. Kipphut will be entitled to receive an amount equal to two times his then current base salary, plus 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. The target bonus amount is to be determined under the performance based bonus plan in which Mr. Kipphut is then participating. In addition, 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.

Except as provided below, the foregoing amounts are to be paid biweekly in equal installments over 52 weeks, commencing immediately upon such officer's separation from service. If such officer is determined to be a specified employee on the date of his separation from service (each as defined in Section 409(A) of the Internal Revenue Code and applicable regulations), to the extent that he is entitled to receive any benefit or payment upon such separation from service under the employment agreement that constitutes deferred compensation within the meaning of Section 409A of the Internal Revenue Code before the date that is six months after the date of his separation from service, such benefits or payments will not be provided or paid to him on the date otherwise required to be provided or paid. Instead, all such amounts shall be accumulated and paid in a single lump sum on the first business day after the date that is six months after the date of his separation from service (or, if earlier, within fifteen (15) days following his date of death). All remaining payments and benefits otherwise required to be paid or provided on or after the date that is six months after the date of his separation from service will be paid or provided or paid in accordance with the payment schedule described above.

The named executive officers of the Company, 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, 2009:

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	1,100,000	1,650,000	0	1,100,000	1,650,000
Bonus Payment	0	1,650,000	0	0	1,650,000
Stock Grants Vesting Acceleration	0	739,989	0	0	739,989
Stock Option Vesting Acceleration	0	4,825,674	0	0	4,825,674
Deferred Compensation Vesting Acceleration	0	0	0	0	0
	0	70,153	0	0	70,153

Payment for Taxes Resulting from  
Deferred Compensation  
Distribution

Total	1,100,000	8,935,816	0	1,100,000	8,935,816
-------	-----------	-----------	---	-----------	-----------

**Table of Contents****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 Senior Vice President and Chief Financial Officer, as if such termination had occurred on December 31, 2009:

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	400,000	800,000	0	400,000	800,000
Bonus Payment	420,000	840,000	0	420,000	840,000
Stock Grants Vesting Acceleration	0	298,962	0	0	298,962
Stock Option Vesting Acceleration	0	1,993,129	0	0	1,993,129
Deferred Compensation Vesting Acceleration	0	0	0	0	0
Payment for Taxes Resulting from Deferred Compensation Distribution	0	141,960	0	0	141,960
Total	820,000	4,074,051	0	820,000	4,074,051

**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 Senior Vice President - Global Sales and Client Management, as if such termination had occurred on December 31, 2009:

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	322,000	322,000	0	0	0
Bonus Payment	0	0	0	0	0
Stock Grants Vesting Acceleration	0	222,961	0	0	222,961
Stock Option Vesting Acceleration	0	1,458,234	0	0	1,458,234
	0	24,349	0	0	24,349

Deferred Compensation Vesting Acceleration Payment for Taxes Resulting from Deferred Compensation Distribution	0	33,198	0	0	33,198
Total	322,000	2,060,742	0	0	1,738,742

**Table of Contents****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 Senior Vice President - Global Operations, as if such termination had occurred on December 31, 2009:

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 Reason (\$)	Good Termination Reason (\$)	Change in Control (\$)
Severance Pay	335,500	335,500	0	0	0
Bonus Payment	0	0	0	0	0
Stock Grants Vesting Acceleration	0	227,868	0	0	227,868
Stock Option Vesting Acceleration	0	1,482,889	0	0	1,482,889
Deferred Compensation Vesting Acceleration	0	34,792	0	0	34,792
Payment for Taxes Resulting from Deferred Compensation Distribution	0	171,242	0	0	171,242
Total	335,500	2,252,291	0	0	1,916,791

**James T. Holder**

The following table shows the potential payments upon termination or a change of control of the Company for James T. Holder, the Company's Senior Vice President, General Counsel and Corporate Secretary, as if such termination had occurred on December 31, 2009:

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 Reason (\$)	Good Termination Reason (\$)	Change in Control (\$)
Severance Pay	270,000	270,000	0	0	0
Bonus Payment	0	0	0	0	0
Stock Grants Vesting Acceleration	0	99,530	0	0	99,530
Stock Option Vesting Acceleration	0	658,068	0	0	658,068
	0	0	0	0	0

Deferred Compensation Vesting Acceleration Payment for Taxes Resulting from Deferred Compensation Distribution	0	60,496	0	0	60,496
Total	270,000	1,088,094	0	0	818,094

**Table of Contents****EMPLOYMENT AGREEMENTS**

*Charles E. Sykes.* The Company and Mr. Sykes are parties to an amended and restated employment agreement, dated December 30, 2008. The material terms and conditions of the agreement are summarized below. Under the agreement, Mr. Sykes serves as President and Chief Executive Officer of the Company. The initial term of the agreement expired on July 31, 2009, but automatically renewed, and will continue to be automatically 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 any renewal term. Under the agreement, Mr. Sykes' annual base salary is \$550,000, subject to increase at the Company's discretion. Mr. Sykes also is entitled to participate in a performance based bonus plan 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 a 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 renewal period for good reason (as defined below), the Company is required to pay Mr. Sykes an amount equal to two times his annual base salary, and Mr. Sykes is prohibited for a period of two years 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 of 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 three times his annual base salary, plus 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. The target bonus amount is to be determined under the performance based bonus plan in which Mr. Sykes is then participating. Except as provided below, the foregoing amounts are to be paid biweekly in equal installments over 52 weeks, commencing immediately upon his separation from service. If Mr. Sykes is determined to be a specified employee on the date of his separation from service (each as defined in Section 409(A) of the Internal Revenue Code and applicable regulations), to the extent that he is entitled to receive any benefit or payment upon such separation from service under the employment agreement that constitutes deferred compensation within the meaning of Section 409A of the Internal Revenue Code before the date that is six months after the date of his separation from service, such benefits or payments will not be provided or paid to him on the date otherwise required to be provided or paid. Instead, all such amounts shall be accumulated and paid in a single lump sum on the first business day after the date that is six months after the date of his separation from service (or, if earlier, within fifteen (15) days following his date of death). All remaining payments and benefits otherwise required to be paid or provided on or after the date that is six months after the date of his separation from service will be paid or provided or paid in accordance with the payment schedule described above.

Also, in the event the agreement is terminated by Mr. Sykes in connection with a change of control of the Company, 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.

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.

**Table of Contents**

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 amended and restated employment agreement, dated December 30, 2008, 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 and Chief Financial Officer. The initial term of the agreement expired on March 5, 2009, 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 a renewal term. Under the agreement, Mr. Kipphut's annual base salary is \$400,000, subject to increase at the Company's discretion. Mr. Kipphut also is entitled to participate in a performance based bonus plan 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 a 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 renewal period for good reason (as defined below), the Company is required to pay Mr. Kipphut an amount equal to his annual base salary, plus an amount equal to the maximum annual performance bonus he could earn under the performance based bonus plan in which Mr. Kipphut is then participating. 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 renewal period, the Company is required to pay Mr. Kipphut an amount equal to twice his annual base salary, plus 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. The target bonus amount is to be determined under the performance based bonus plan in which Mr. Kipphut is then participating. Except as provided below, the foregoing amounts are to be paid biweekly in equal installments over 52 weeks, commencing immediately upon his separation from service. If Mr. Kipphut is determined to be a specified employee on the date of his separation from service (each as defined in Section 409(A) of the Internal Revenue Code and applicable regulations), to the extent that he is entitled to receive any benefit or payment upon such separation from service under the employment agreement that constitutes deferred compensation within the meaning of Section 409A of the Internal Revenue Code before the date that is six months after the date of his separation from service, such benefits or payments will not be provided or paid to him on the date otherwise required to be provided or paid. Instead, all such amounts shall be accumulated and paid in a single lump sum on the first business day after the date that is six months after the date of his separation from service (or, if earlier, within fifteen (15) days following his date of death). All remaining payments and benefits otherwise required to be paid or provided on or after the date that is six months after the date of his separation from service will be paid or provided or paid in accordance with the payment schedule described above.

Also, in the event the agreement is terminated by Mr. Kipphut in connection with a change of control of the Company, 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.

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





**Table of Contents**

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. The agreement contains customary confidentiality provisions.

*James Hobby.* The Company and Mr. Hobby are parties to an amended and restated employment agreement, dated December 29, 2008, 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 will continue until terminated by one of the parties. Under the agreement, Mr. Hobby's annual base salary is \$335,500, subject to increase at the Company's discretion. He also is entitled to participate in a performance based bonus plan based upon the achievement of such goals as may be determined by the Compensation Committee and to standard executive fringe benefits.

If the agreement is terminated by the Company for any reason other than death, disability, or cause (as defined in the agreement), the Company is required to pay Mr. Hobby an amount equal to his weekly base salary for 52 weeks after the termination of the agreement. Except as provided below, the foregoing amount is to be paid biweekly in equal installments over 52 weeks, commencing immediately upon his separation from service. If Mr. Hobby is determined to be a specified employee on the date of his separation from service (each as defined in Section 409(A) of the Internal Revenue Code and applicable regulations), to the extent that he is entitled to receive any benefit or payment upon such separation from service under the employment agreement that constitutes deferred compensation within the meaning of Section 409A of the Internal Revenue Code before the date that is six months after the date of his separation from service, such benefits or payments will not be provided or paid to him on the date otherwise required to be provided or paid. Instead, all such amounts shall be accumulated and paid in a single lump sum on the first business day after the date that is six months after the date of his separation from service (or, if earlier, within fifteen (15) days following his date of death). All remaining payments and benefits otherwise required to be paid or provided on or after the date that is six months after the date of his separation from service will be paid or provided or paid in accordance with the payment schedule described above. 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. In any event, Mr. Hobby may not compete with the Company in any area in which the Company's clients were conducting business during the term of the agreement, or solicit the Company's employees, for a period of one year after termination of his employment. The agreement also contains customary confidentiality provisions.

*Lawrence R. Zingale.* The Company and Mr. Zingale are parties to an amended and restated employment agreement, dated December 29, 2008, 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 Senior Vice President, Global Sales and Client Management. The agreement will continue until terminated by one of the parties. Under the agreement, Mr. Zingale's annual base salary is \$322,000, subject to increase at the Company's discretion. He also is entitled to participate in a performance based bonus plan based upon the



**Table of Contents**

achievement of such goals as may be determined by the Compensation Committee and to standard executive fringe benefits.

If the agreement is terminated by the Company for any reason other than death, disability, or cause (as defined in the agreement), the Company is required to pay Mr. Zingale an amount equal to his weekly base salary for 52 weeks after the termination of the agreement. Except as provided below, the foregoing amount is to be paid biweekly in equal installments over 52 weeks, commencing immediately upon his separation from service. If Mr. Zingale is determined to be a specified employee on the date of his separation from service (each as defined in Section 409(A) of the Internal Revenue Code and applicable regulations), to the extent that he is entitled to receive any benefit or payment upon such separation from service under the employment agreement that constitutes deferred compensation within the meaning of Section 409A of the Internal Revenue Code before the date that is six months after the date of his separation from service, such benefits or payments will not be provided or paid to him on the date otherwise required to be provided or paid. Instead, all such amounts shall be accumulated and paid in a single lump sum on the first business day after the date that is six months after the date of his separation from service (or, if earlier, within fifteen (15) days following his date of death). All remaining payments and benefits otherwise required to be paid or provided on or after the date that is six months after the date of his separation from service will be paid or provided or paid in accordance with the payment schedule described above. 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. In any event, Mr. Zingale may not compete with the Company in any area in which the Company's clients were conducting business during the term of the agreement, or solicit the Company's employees, for a period of one year after termination of his employment. The agreement also contains customary confidentiality provisions.

*James T. Holder.* The Company and Mr. Holder are parties to an amended and restated employment agreement, dated December 29, 2008, the material terms and conditions of which are summarized below. The employment agreement provides that Mr. Holder will serve as an executive of the Company. Mr. Holder serves as Senior Vice President, General Counsel and Corporate Secretary. The agreement will continue until terminated by one of the parties. Under the agreement, Mr. Holder's annual base salary is \$270,000, subject to increase at the Company's discretion. He also is entitled to participate in a performance based bonus plan based upon the achievement of such goals as may be determined by the Compensation Committee and to standard executive fringe benefits.

If the agreement is terminated by the Company prior to the expiration of the renewal period for any reason other than death, disability, or cause (as defined in the agreement), the Company is required to pay Mr. Holder an amount equal to his weekly base salary for 52 weeks after the termination of the agreement. Except as provided below, the foregoing amount is to be paid biweekly in equal installments over 52 weeks, commencing immediately upon his separation from service. If Mr. Holder is determined to be a specified employee on the date of his separation from service (each as defined in Section 409(A) of the Internal Revenue Code and applicable regulations), to the extent that he is entitled to receive any benefit or payment upon such separation from service under the employment agreement that constitutes deferred compensation within the meaning of Section 409A of the Internal Revenue Code before the date that is six months after the date of his separation from service, such benefits or payments will not be provided or paid to him on the date otherwise required to be provided or paid. Instead, all such amounts shall be accumulated and paid in a single lump sum on the first business day after the date that is six months after the date of his separation from service (or, if earlier, within fifteen (15) days following his date of death). All remaining payments and benefits otherwise required to be paid or provided on or after the date that is six months after the date of his separation from service will be paid or provided or paid in accordance with the payment schedule described above. The agreement also provides that if Mr. Holder's employment is terminated by the

**Table of Contents**

Company due to his death, disability or cause, or voluntarily by Mr. Holder, 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. In any event, Mr. Holder may not compete with the Company in any area in which the Company's clients were conducting business during the term of the agreement, or solicit the Company's employees, for a period of one year after termination of his employment. The agreement also 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.

**Third Amended and Restated 2004 Non-Employee Director Fee Plan**

In May 2009, the shareholders of the Company approved the Third Amended and Restated 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 shares of common stock on the date the new director is elected or appointed, the number of which will be determined by dividing \$60,000 by the closing price of the Company's common stock on the trading day immediately preceding the date a new director is elected or appointed, rounded to the nearest whole number of shares. The initial grant of shares vests in twelve equal quarterly installments, one-twelfth on the date of grant and an additional one-twelfth on each successive third monthly anniversary of the date of grant. The award lapses with respect to all unvested shares in the event the non-employee director ceases to be a director of the Company, and any unvested shares are forfeited.

The 2004 Fee Plan also provides that each non-employee director will receive, on the day after the annual shareholders meeting, an annual retainer for service as a non-employee director (the "Annual Retainer"). The Annual Retainer consists of shares of the Company's common stock and cash. The total value of the Annual Retainer is \$77,500, payable \$32,500 in cash and the remainder paid in stock, the amount of which is determined by dividing \$45,000 by the closing price of the Company's common stock on the date of the annual meeting of shareholders, rounded to the nearest whole number of shares.

**Table of Contents**

In addition to the Annual Retainer award, the 2004 Fee Plan also provides for any non-employee Chairman of the Board to receive an additional annual cash award of \$100,000, and each non-employee director serving on a committee of the Board to receive an additional annual cash award in the following amounts:

<b>Position</b>	<b>Amount</b>
Audit Committee	
Chairperson	\$ 20,000
Member	\$ 10,000
Compensation & Human Resource Development Committee	
Chairperson	\$ 12,500
Member	\$ 7,500
Finance Committee	
Chairperson	\$ 12,500
Member	\$ 7,500
Nominating and Corporate Governance Committee	
Chairperson	\$ 12,500
Member	\$ 7,500

The Annual Grant of cash and shares, including all amounts paid to a non-employee Chairman of the Board and all amounts paid to non-employee directors serving on committees of the Board, vests in eight equal quarterly installments, one-eighth on the day following the annual meeting of shareholders, and an additional one-eighth on each successive third monthly anniversary of the date of grant. The award lapses with respect to all unpaid cash and unvested shares in the event the non-employee director ceases to be a director of the company, and any unvested shares and unpaid cash are forfeited.

The Board may pay additional cash compensation to any non-employee director for services on behalf of the Board over and above those typically expected of directors, including but not limited to service on a special committee of the Board.

**Table of Contents**

The following table contains information regarding compensation paid to the non-employee directors during fiscal year ending December 31, 2009, including cash and shares of the Company's common stock.

(a) Name	(b) Fees Earned or Paid in Cash (\$)(1)	(c) Stock Awards (\$)(2)	(d) Option Awards (\$)	(e) Non-Equity Incentive Plan Compensation (\$)	(f) Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	(g) All Other Compensation (\$)	(h) Total (\$)
Furman P. Bodenheimer, Jr.	47,500	52,492					99,992
Mark C. Bozek	45,000	52,492					97,492
Lt. Gen. Michael DeLong (Ret)	40,000	52,492					92,492
H. Parks Helms	45,000	52,492					97,492
Iain Macdonald	42,500	52,492					94,992
James S. MacLeod	52,500	52,492					104,992
Linda McClintock-Greco, M.D.	40,000	52,492					92,492
William J. Meurer	60,000	52,492					112,492
James K. Murray, Jr.	52,500	52,492					104,992
Paul L. Whiting	142,500	52,492					194,992

(1) Amounts shown include the cash portion of the annual retainers and amounts paid for services on Board committees paid to each non-employee director in 2009. The fees earned by Mr. Whiting include \$100,000 for service as non-employee Chairman of the Board.

(2) The amounts shown in column (c) represent the Annual Retainer amounts paid in shares of the Company's common stock. The amounts are valued based on the aggregate grant date fair value of the awards in accordance with FASB ASC Topic 718 (formerly FAS 123(R)). See Notes 1 and 23 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2009 filed on March 1, 2010 for a discussion of the relevant assumptions used in calculating the grant date fair value in accordance with FASB ASC Topic 718.

Table of Contents**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 2, 2010, 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	Total Stock and Stock Based Holdings	Percent of Total Outstanding Stock
			Currently Exercisable Or Exercisable Within 60 Days	Vested and Vesting Within 60 Days(2)		
Furman P. Bodenheimer, Jr.	20,634	336		0	20,970	*
Mark C. Bozek	14,170	336	10,000	0	24,506	*
Lt. Gen. Michael DeLong (Ret)	15,796	336		0	16,132	*
H. Parks Helms(3)	15,554	336		0	15,890	*
Iain Macdonald	14,304	336		0	14,640	*
James S. MacLeod(4)	17,411	336		0	17,747	*
Linda McClintock-Greco, M.D.	22,592	336		0	22,928	*
William J. Meurer	36,780	336	10,000	0	47,116	*
James K. Murray, Jr.(5)	12,966	336		0	13,302	*
Charles E. Sykes(6)	214,445			0	214,445	*
Paul L. Whiting(7)	57,606	336		0	57,942	*
W. Michael Kipphut(8)	113,866			53,472	167,338	*
Lawrence R. Zingale(9)	79,165			0	79,165	*
James C. Hobby(10)	85,072			22,583	107,655	*
James T. Holder(11)	29,459			0	29,459	*
All directors and executive officers as a group 18 persons	824,123	3,360	33,300	100,229	961,012	2.03%

\* Less than 1.0%

- (1) Shares of common stock that will become payable under the 2004 Non-Employee Director Fee Plan to all non-employee directors serving on the date of the Company's 2010 annual meeting of shareholders.
- (2) Shares of common stock which may be acquired within sixty days 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 \$22.91 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

**Table of Contents**

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) Includes 2,500 shares held by Mr. MacLeod in an IRA.
- (5) Excludes 1,000 shares held by a family member in which Mr. Murray disclaims beneficial ownership. Includes shares held by Murray Corporation, of which Mr. Murray is an officer and principal stockholder.
- (6) Includes 196,112 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.
- (7) Includes 52,471 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.
- (8) Includes 76,636 shares of restricted stock issued as part of the various equity-based, long-term incentive awards.
- (9) Includes 58,840 shares of restricted stock issued as part of the various equity-based, long-term incentive awards.
- (10) Includes 60,622 shares of restricted stock issued as part of the various equity-based, long-term incentive awards.
- (11) Includes 25,759 shares of restricted stock issued as part of the various equity-based, long-term incentive awards.

**Security Ownership of Certain Beneficial Owners**

As of March 26, 2010, the Company's records and other information available from outside sources indicated that the following shareholders 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	
	Shares	Percent
John H. Sykes(1)	5,276,717	12.76%
BlackRock, Inc.(2) 40 East 52nd Street New York, New York, 10022	3,753,721	9.07%
Wells Fargo & Company(3) 420 Montgomery Street San Francisco, CA 94104	3,563,717	8.62%
Wellington Management Company, LLP(4) 75 State Street Boston, MA 02109	2,778,768	6.72%

Lord Abbett & Co. LLC.(5)  
90 Hudson Street  
Jersey City, NJ 07302

2,386,533

5.77%

**Table of Contents**

- (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 BlackRock, Inc. ( BlackRock ) on January 29, 2010. Wells Fargo is a parent holding company or control person in accordance with Rule 13d-1(b) (1) (iii) (G).
- (3) All information is based upon the Schedule 13G filed with the Security and Exchange Commission by Wells Fargo & Company ( Wells Fargo ) on January 26, 2010. Wells Fargo is a parent holding company registered under Section 240 of the Investment Company Act of 1940. Wells Fargo filed the Schedule 13G on its own behalf and on behalf of certain of its subsidiaries. Aggregate beneficial ownership reported by Wells Fargo & Company is on a consolidated basis and includes any beneficial ownership separately reported therein by a subsidiary.
- (4) All information is based upon the Schedule 13G filed with the Security and Exchange Commission by Wellington Management Co., LLP ( Wellington ). Wellington is an investment adviser in accordance with Rule 240 of the Investment Company Act of 1940.
- (5) All information is based upon the Schedule 13G filed with the Security and Exchange Commission by Lord Abbett & Co. LLC ( Lord Abbett ) on February 12, 2010. Lord Abbett is an investment adviser in accordance with Section 240 of the Investment Company Act of 1940.

**PROPOSAL 2**

**RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee engaged Deloitte & Touche LLP as the Company's independent registered public accounting firm to audit the consolidated financial statements of the Company for the year ending December 31, 2010 and the effectiveness of the Company's internal control over financial reporting as of December 31, 2010 and express an opinion thereon. 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 LLP 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.**

**Table of Contents****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 Company'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 Audit Committee (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 reports directly to the Audit Committee.

Reviewing and appraising the Company's internal auditing function.

Providing an open avenue of communication among the Company's registered public accounting firm, financial and senior management, those involved in the Company'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, 2009 and December 31, 2008 were as follows:

	<b>2009</b>	<b>2008</b>
Audit Fees(1)	\$ 2,167,711	\$ 2,565,726
Audit-Related Fees(2)	\$ 278,222	\$ -0-
Tax Fees	\$ -0-	\$ -0-
All Other Fees(3)	\$ -0-	\$ 40,000

- (1) Fees for audit services in 2009 and 2008 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 2009 principally included services in connection with the acquisition of ICT Group.
- (3) All Other Fees in 2008 principally included assistance with the PAYE audit in the United Kingdom.

**Table of Contents**

**Report of the Audit Committee**

In connection with the financial statements for the fiscal year ended December 31, 2009, 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 SAS 114, as amended, and
- (3) received the written disclosures and letter from the Auditors required by applicable requirements of the Public Company Accounting Oversight Board regarding the Auditor's communications with the Audit Committee concerning independence, and has discussed with the Auditors the Auditors' independence.

Based upon these reviews and discussions, the Audit Committee recommended to the Board at the February 26, 2010 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, 2009 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  
James S. MacLeod

February 26, 2010

*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, 2009, the executive officers and directors of the Company filed with the Securities and Exchange Commission (the Commission) on a timely basis, all required reports relating to transactions involving equity securities of the Company beneficially owned by them. The Company has relied solely on the written representation of its executive officers and directors and copies of the reports they have filed with the Commission in providing this information.

**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, for inclusion in the Company's proxy statement for its 2011 Annual Meeting of Shareholders is December 10, 2010. Pursuant to the Company's Bylaws, only shareholder proposals submitted on or prior to such date may be brought before the meeting.





**Table of Contents**

**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*

**Table of Contents**

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

**Annual Meeting Proxy Card**

**6 PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. 6**

**A Proposals The Board of Directors recommends a vote FOR all the nominees listed and FOR Proposal 2.**

1. To elect four Directors (to serve for a term of three years):

01 - Paul L. Whiting 02 - Mark C. Bozek 03 - Iain A. Macdonald 04 - Lt. Gen. Michael P. DeLong (Retired) +

- o Mark here to vote FOR all nominees
- o Mark here to WITHHOLD vote from all nominees

- o **For All EXCEPT** - To withhold a vote for one or more nominees, mark the box to the left and the corresponding numbered box(es) to the right.
 

01	02	03	04
o	o	o	o

**For Against Abstain**

- 2. To ratify the appointment of Deloitte & Touche LLP as independent auditors of the Company.
 

o	o	o
---	---	---
- 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.

**B Authorized Signatures This section must be completed for your vote to be counted. Date and Sign Below 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.**

m/dd/yyyy) Please print date below. Signature 1 Please keep signature within the box. Signature 2 Please keep signature within

/ /

1 U P X 0 2 5 4 5 8 2

016L3A

+

**Table of Contents**

**6 PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. 6**

**Proxy SYKES ENTERPRISES, INCORPORATED**

**SYKES ENTERPRISES, INCORPORATED 2010 ANNUAL MEETING**

**Annual Meeting of Shareholders, May 10, 2010**

**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 Sheraton Riverwalk Hotel, 200 N. Ashley Drive, Tampa, Florida, on Monday, May 10, 2010, 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 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.

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

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

**DETACH AND RETURN USING THE ENVELOPE PROVIDED**