

SYKES ENTERPRISES INC  
Form DEF 14A  
April 17, 2014  
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: \_\_\_\_\_

Edgar Filing: SYKES ENTERPRISES INC - Form DEF 14A

(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.

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**

**SYKES ENTERPRISES, INCORPORATED**

April 17, 2014

Dear Shareholder:

I am pleased to invite you to attend the Sykes Enterprises, Incorporated 2014 Annual Meeting of Shareholders. The meeting will be held at the Florida Museum of Photographic Arts, The Cube at Rivergate Plaza, 400 N. Ashley Drive, Cube 200, Tampa, Florida, 33602 on Tuesday, May 20, 2014, at 8:00 a.m., Eastern Daylight Savings Time. In the following pages, you will find the Notice of Annual Meeting of Shareholders as well as a Proxy Statement which describes the items of business to be conducted at the meeting.

Your vote is important, so to assure your representation at the Annual Meeting, please vote on the matters described in this proxy statement by completing the enclosed proxy card 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 those shares in person at the Annual Meeting unless you obtain a power of attorney or legal proxy from that nominee authorizing you to vote the shares, and you present that power of attorney or proxy at the Annual Meeting.

Sincerely,

**James T. Holder**  
*Secretary*

**Important notice regarding the availability of proxy materials  
for the Shareholders Meeting To Be Held On May 20, 2014**

This proxy statement and our 2013 Annual Report to Shareholders are available at:

<https://materials.proxyvote.com/871237>

**Table of Contents**

**TABLE OF CONTENTS**

	Page
<b><u>Notice of 2014 Annual Meeting of Shareholders</u></b>	1
<b><u>General Information</u></b>	2
<b><u>Proposal 1: Election of Directors</u></b>	3
<b><u>Director Qualifications and Biographical Information</u></b>	5
<b><u>Corporate Governance</u></b>	9
<b><u>Director Compensation</u></b>	15
<b><u>Executive Compensation</u></b>	17
<b><u>Compensation Committee Report</u></b>	30
<b><u>Proposal 2: Advisory Vote to Approve Executive Compensation</u></b>	45
<b><u>Proposal 3: Ratification of the Appointment of Independent Registered Public Accounting Firm</u></b>	46
<b><u>Audit Committee Disclosure</u></b>	47
<b><u>Report of the Audit Committee</u></b>	49
<b><u>Security Ownership</u></b>	50
<b><u>Section 16(a) Beneficial Ownership Reporting Compliance</u></b>	51
<b><u>Requirements, Including Deadlines, for Submission of Proxy Proposals and Nomination of Directors</u></b>	52
<b><u>Other Matters</u></b>	52

**Table of Contents**

**SYKES ENTERPRISES, INCORPORATED**

400 North Ashley Drive

Tampa, Florida 33602

## **NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**Date and Time:**

**8:00 a.m. Eastern Daylight Savings time on May 20, 2014**

**Place:**

Florida Museum of Photographic Arts, The Cube at Rivergate Plaza, 400 N. Ashley Drive, Cube 200, Tampa, Florida, 33602

**Items of Business:**

1. To elect three directors to hold office until the 2017 Annual Meeting of Shareholders and one director to hold office until the 2015 Annual Meeting of Shareholders;
2. To hold a shareholder advisory vote on executive compensation;
3. To ratify the appointment of Deloitte & Touche LLP as independent auditors of the Company; and
4. 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 21, 2014, 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.

**Tampa, Florida**

**April 17, 2014**

By Order of the Board of Directors,

**James T. Holder**  
*Secretary*

## **Table of Contents**

### **GENERAL INFORMATION**

#### **SYKES ENTERPRISES, INCORPORATED**

400 North Ashley Drive

Tampa, Florida 33602

## **PROXY STATEMENT**

### **2014 ANNUAL MEETING OF SHAREHOLDERS**

**Tuesday, May 20, 2014**

## **GENERAL INFORMATION**

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 Florida Museum of Photographic Arts, The Cube at Rivergate Plaza, 400 N. Ashley Drive, Cube 200, Tampa, Florida, 33602, on Tuesday, May 20, 2014, at 8:00 a.m.,

Eastern Daylight Savings Time, and 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, 2013 are first being mailed on or about April 18, 2014 to shareholders entitled to vote at the Annual Meeting.

### **Shareholders Entitled To Vote**

The record date for the Annual Meeting is March 21, 2014. 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, 43,633,555 shares of common stock were outstanding and entitled to vote at the Annual Meeting.

Votes cast by proxy or in person at the Annual Meeting will be tabulated by the inspector of elections appointed for the Annual Meeting, who will also determine whether a quorum is present for the transaction of business. The Company's Bylaws provide that a quorum is present if the holders of a majority of the issued and outstanding shares of common stock entitled to vote at the meeting are present in person or represented by proxy. Abstentions will be counted as shares that are present and entitled to vote for purposes of determining whether a quorum is present. Shares held by nominees for beneficial owners will also be counted for purposes of determining whether a quorum is present if the nominee has the discretion to vote on at least one of the matters presented, even though the nominee may not exercise discretionary voting power with respect to other matters and even though voting instructions have not been received from the beneficial owner (a broker non-vote). At the Annual Meeting, if a quorum exists, directors will be elected by a majority vote, as more fully described under Proposal 1 Election of Directors below.

## Edgar Filing: SYKES ENTERPRISES INC - Form DEF 14A

Approval of the other proposals will require the affirmative vote of a majority of the votes cast on the proposal at the Annual Meeting. Broker non-votes will not be counted as votes cast in determining whether a Proposal has been approved.

Shareholders are requested to vote by completing the enclosed Proxy and returning it signed and dated in the enclosed postage-paid envelope. Shareholders are urged to

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

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

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

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

appearing at the Annual Meeting and voting in person.

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

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

Table of Contents

**PROPOSAL 1: ELECTION OF DIRECTORS**

## **PROPOSAL 1: ELECTION OF DIRECTORS**

The Company's Board of Directors (the Board) currently is comprised of 9 individuals, and is divided into three classes (designated CLASS I, CLASS II, and CLASS III), as nearly equal in number as possible, with each class serving a three-year term expiring at the third annual meeting of shareholders after its election. The term of the four current CLASS I directors will expire at the Annual Meeting. Mr. H. Parks Helms and Dr. Linda McClintock-Greco, whose terms are expiring at this meeting, and who have served on the Board for 37 years and 15 years respectively, have notified the Board that they will retire and not stand for re-election this year. The Company's Board of Directors, upon the recommendation of the Nominating and Corporate Governance Committee, has nominated James S. MacLeod to stand for re-election, and William D. Muir, Jr., and Lorraine Leigh Lutton to stand for election, as CLASS I directors, whose terms will all expire at the 2017 Annual Meeting of Shareholders. The Company's Board of Directors, upon the recommendation of the Nominating and Corporate Governance Committee, has nominated James K. Murray, Jr. to stand for re-election as a CLASS III director, whose term will expire at the 2015 Annual Meeting of Shareholders.

Provided that a quorum is present at the Annual Meeting, each nominee shall be elected by the affirmative vote of a majority of the votes cast with respect to that nominee's election. A majority of votes cast means that the number of shares voted for a director's election exceeds 50% of the number of votes cast with respect to that director's election.

Votes cast shall include (i) votes for the election of such director and (ii) votes against the election of such director, and shall exclude abstentions with respect to that director's election and broker non-votes.

Incumbent directors Murray and MacLeod have provided to the Company contingent letters of resignation from the Board which shall become effective only if such director fails to receive a sufficient number of votes for re-election at the Annual Meeting and the Board determines to accept the resignation. The Board will consider and act upon the letter of resignation of a director who fails to receive the affirmative vote of a majority of the votes cast on his election within ninety (90) days after the date on which the election results were certified and will promptly make public disclosure of the results of its decision. The Board, in making its decision, may consider any factors or other information that it considers appropriate and relevant. The director who has tendered his resignation shall not participate in the decision of the Board with respect to his resignation. If such incumbent director's resignation is not accepted by the Board, such director shall continue to serve until his successor is duly elected, or his earlier resignation or removal.

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 THAT ARE NOT OTHERWISE MARKED WILL BE VOTED AT THE ANNUAL MEETING FOR THE ELECTION AS DIRECTORS OF THE NOMINEES NAMED BELOW.**

### **Directors Standing for Election at the 2014 Annual Meeting**

**CLASS I TERM EXPIRES AT THE 2017 ANNUAL MEETING.**



Edgar Filing: SYKES ENTERPRISES INC - Form DEF 14A

<b>Name</b>	<b>Age</b>	<b>Position(s) with the Company</b>	<b>Director Since</b>
James S. MacLeod <sup>(2)(4)(5)</sup>	66	Director	2005
William D. Muir, Jr.	45	Nominee for Director	N/A
Lorraine Leigh Lutton	48	Nominee for Director	N/A

**CLASS III TERM EXPIRES AT THE 2015 ANNUAL MEETING.**

<b>Name</b>	<b>Age</b>	<b>Position(s) with the Company</b>	<b>Director Since</b>
James K. Murray, Jr. <sup>(2)(5)</sup>	78	Director	2005

SYKES ENTERPRISES, INCORPORATED | 2014 Proxy Statement 3

**Table of Contents****PROPOSAL 1: ELECTION OF DIRECTORS****Directors Whose Term of Office Continues****CLASS II TERM EXPIRES AT THE 2016 ANNUAL MEETING.**

<b>Name</b>	<b>Age</b>	<b>Position(s) with the Company</b>	<b>Director Since</b>
Paul L. Whiting <sup>(1)(4)</sup>	70	Director & Non-Executive Chairman	2003
Lt. General Michael DeLong (Ret.) <sup>(2)(3)</sup>	68	Director	2003
Iain A. Macdonald <sup>(4)(5)</sup>	69	Director	2004

**CLASS III TERM EXPIRES AT THE 2015 ANNUAL MEETING.**

<b>Name</b>	<b>Age</b>	<b>Position(s) with the Company</b>	<b>Director Since</b>
Charles E. Sykes	51	Director, President & Chief Executive Officer	2004
William J. Meurer <sup>(4)(5)</sup>	70	Director & Chairman of the Audit Committee	2000

<sup>(1)</sup> *Chairman of the Board*

<sup>(2)</sup> *Member of the Compensation Committee*

<sup>(3)</sup> *Member of the Nominating and Corporate Governance Committee*

<sup>(4)</sup> *Member of the Audit Committee*

<sup>(5)</sup> *Member of the Finance Committee*

4 SYKES ENTERPRISES, INCORPORATED i 2014 Proxy Statement

**Table of Contents****PROPOSAL 1: ELECTION OF DIRECTORS****Director Qualifications and Biographical Information**

Biographical information for each of the director nominees is set forth below, including the key qualifications, experience, attributes, and skills that led our Board to the conclusion that each of the director nominees should serve as a director.

Our Board includes individuals with strong backgrounds in executive leadership and management, accounting and finance, and Company and industry knowledge, and we believe that, as a group, they work effectively together in overseeing our business. We believe that our directors hold themselves to the highest standards of integrity and that they are committed to representing the long-term best interests of our stockholders. While we do not have a formal diversity policy, we believe that our directors' diversity of backgrounds and experiences, which include public accounting, military, aerospace, manufacturing, banking, technology, telecommunications, finance and retail, results in different ideas and varying viewpoints that contribute to effective oversight of our business.

***Mr. Whiting*****Director Since December 2003**

*Paul L. Whiting* was elected to the Board of Directors in December 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 investment company. Previously, Mr. Whiting held various positions within Spalding & Evenflo Companies, Inc., including Chairman, Chief Executive Officer and Chief Financial Officer. Presently, Mr. Whiting sits on the boards of TECO Energy, Inc. (a public company) and Tampa Electric Company, Florida Investment Advisors, Inc., The Bank of Tampa and its holding company, The Tampa Bay Banking Co. Mr. Whiting also serves on the board of the Florida West Coast Public Broadcasting, Inc. as well as 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 a Trustee and past Board President.

**Qualifications:**

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, business judgment and investment banking knowledge to the Board as the Company's non-executive Chairman.

***Lt. Gen. DeLong*****Director Since September 2003**

*Lt. General Michael DeLong (USMC Retired)* was elected to the Board of Directors in September 2003 and is a member of the Nominating and Corporate Governance Committee and the Compensation Committee. From October 2003 to February 2008, Lt. Gen. DeLong served as Vice Chairman of Shaw Arabia Limited, President of Shaw CentCom Services, LLC, and Senior Vice President of the Shaw Group, Inc. From February, 2008 through February 2013, Lt. Gen. DeLong served as Vice President of Boeing International Corporation. On March 1, 2013 Lt. Gen. DeLong was named President and CEO and General Manager of Gulf to Gulf Contractors International and serves as the Boeing Consultant for the Middle East and Africa. From 1967 until his retirement on November 1, 2003, Lt. Gen. DeLong led a distinguished military

## Edgar Filing: SYKES ENTERPRISES INC - Form DEF 14A

career, most recently serving as the Deputy Commander, United States Central Command at MacDill Air Force Base, Tampa, Florida. He holds a Master's Degree in Industrial Management from Central Michigan University and an honorary Doctorate in Strategic Intelligence from the Joint Military Intelligence College and graduated from the Naval Academy as an Aero Engineer.

### **Qualifications:**

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.

SYKES ENTERPRISES, INCORPORATED | 2014 Proxy Statement 5

---

**Table of Contents**

**PROPOSAL 1: ELECTION OF DIRECTORS**

***Mr. Macdonald***

**Director Since May 2004**

*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 2004 and since then has been a member of the Audit Committee. In December 2012, Mr. Macdonald was also appointed as a member of the Finance 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 was a founding partner, and is currently Chairman of Yakara Ltd., a developer of SMS and IVR telecommunications software solutions and is a former member of the Board of Northern AIM VCT plc, which is a venture capital investment fund. From 2008 to 2011, he served on 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 in 1998.

**Qualifications:**

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.

***Mr. Sykes***

**Director Since August 2004**

*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 on the boards of the Greater Tampa Chamber of Commerce, the Tampa Bay Partnership and the Tampa Bay Metro Board of the American Heart Association, as a Trustee of the University of Tampa, as a director of Feeding America of Tampa Bay, Inc. and Junior Achievement of Tampa Bay, and is a member of the Florida Council of 100.

**Qualifications:**

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****PROPOSAL 1: ELECTION OF DIRECTORS*****Mr. MacLeod*****Director Since May 2005**

*James S. MacLeod* was elected to the Board of Directors in May 2005 and is Chairman of the Compensation Committee and is a member of the Audit Committee and the Finance Committee. Mr. MacLeod has served 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 has served as Chairman of the Board and Chief Executive Officer of CoastalSouth Bancshares, its holding company, since 2011. 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 and Vice Chairman, of the Board, and serves as the Chairman of the Governance and Valuation Committees and is a member of the Performance Committee of the Allianz Funds.

**Qualifications:**

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.

***Mr. Murray*****Director Since May 2005**

*James ( Jack ) 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 Committee. Mr. Murray currently serves as Chairman of Murray Corporation, a private venture capital enterprise based in Tampa, Florida. Mr. Murray also serves as President of Murray Advisors, Inc. and as Chairman of the Advisory Board of HealthEdge Investment Fund II, a private equity fund focused primarily on investments in the health care field. In 1970, Mr. Murray was one of the founders of a company that is today HealthPlan Services, Inc. which was acquired by The Dun & Bradstreet Corporation (NYSE:DNB) in 1978. From 1978 through 1993, Mr. Murray served in various capacities for Dun & Bradstreet Corporation, including President of Dun & Bradstreet Credit Services, and from 1990 through 1993, served in various capacities including President, principal executive officer and Chairman for the Reuben H. Donnelley Corp., a publisher of telephone yellow pages. In 1994, Mr. Murray and other financial partners acquired HealthPlan Services from Dun & Bradstreet. In May 1995, HealthPlan Services became a public company and was listed on the New York Stock Exchange. Mr. Murray retired from HealthPlan Services in 2000. Mr. Murray serves on the boards of the University of Tampa, Canterbury Towers, and The General Theological Seminary.

**Qualifications:**

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.



## **Table of Contents**

### **PROPOSAL 1: ELECTION OF DIRECTORS**

#### ***Mr. Meurer***

##### **Director Since October 2000**

*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 Lifelink Foundation, Inc. and as a member of the Board of Directors of the Eagle Family of Funds and Walter Investment Management Corporation.

##### **Qualifications:**

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.

#### ***Ms. Lutton***

##### **Nominee for Director**

*Lorraine Leigh Lutton* serves as the President of St. Joseph's Hospital, a 529 bed tertiary acute care facility in Tampa Florida and member of the BayCare Health System, as well as the Hillsborough County Market Leader for BayCare Health System, where her responsibilities include representing BayCare to the community, serving as the local liaison to the St. Joseph's-Baptist Healthcare Governing Board and coordinating all of BayCare's acute care facilities in Hillsborough County, including St. Joseph's Hospital, St. Joseph's Women's Hospital, St. Joseph's Children's Hospital, St. Joseph's Hospital-North, St. Joseph's Hospital-South and South Florida Baptist Hospital in Plant City, totaling over 1,000 beds. Ms. Lutton has been employed by St. Joseph's in a variety of roles since 1992, serving most recently as Chief Operating Officer from 2004 to 2013, when she was named as President. Ms. Lutton received her bachelor's degree in public health, health policy and administration from the University of North Carolina at Chapel Hill, and her master's degree in business administration from the Anderson Graduate School of Management at UCLA. Ms. Lutton is a Fellow of the American College of Healthcare Executives.

##### **Qualifications:**

Ms. Lutton brings to our Board substantial business experience in the healthcare arena, as well as communication, planning, organizational and management skills.

#### ***Mr. Muir***

##### **Nominee for Director**

*William D. Muir, Jr.* serves as the Chief Operating Officer of Jabil Circuit, Inc. (NYSE: JBL), having been promoted to this position in 2013. From 2009 to 2013, Mr. Muir served as Jabil's Executive Vice President and Chief Executive Officer, Global Manufacturing Services,



## Edgar Filing: SYKES ENTERPRISES INC - Form DEF 14A

responsible for \$14B of annual revenue with commercial leadership across diversified markets, including Healthcare & Life Sciences, Enterprise & Infrastructure, High Velocity and Industrial & Clean-tech. Additionally, Mr. Muir led the global, integrated capabilities in Operations, Supply Chain and Design which underpin these diversified businesses. Previously, Mr. Muir served as Regional President for Asia, responsible for Jabil's Operations and Business Development efforts across China, India, Vietnam, Malaysia, Singapore and Japan. In this capacity, he resided in Shanghai from 2004 through 2007 and subsequently in Singapore until 2009. Prior to his leadership role in Asia, Mr. Muir led Global Business Development efforts for Jabil across large-scale customer relationships and has also held roles leading Operations across the Americas.

### **Qualifications:**

Mr. Muir brings to our Board a diverse background spanning engineering, manufacturing, supply chain, business development, and operations. He has been a leader in information technology, supply chain, security, quality, engineering innovation, and global, strategic accounts. Mr. Muir's decade long global and domestic profit and loss responsibility also brings valuable business financial acumen to the Board.

Table of Contents

CORPORATE GOVERNANCE

## 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 Committee, the Nominating and Corporate Governance Committee and the Finance 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

## Edgar Filing: SYKES ENTERPRISES INC - Form DEF 14A

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 of Ethics, 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;

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.

## **Table of Contents**

### **CORPORATE GOVERNANCE**

**Related Party Transactions.** On January 25, 2008, the Company entered into a real estate lease with Kingstree Office I, LLC, an entity controlled by Mr. John Sykes, the Company's founder and former Chief Executive Officer and Chairman, 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, 2013, the Company paid \$438,811 to Kingstree Office I, LLC as rent on the Kingstree facility.

## **Leadership Structure**

Upon the 2004 retirement of Mr. John Sykes, 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.

## **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. Based upon these standards, at meetings held on March 19, 2014 and April 11, 2014, the Board determined that each of the following non-employee directors is independent and has no relationship with the Company, except as a director and shareholder of the Company:

- |                                       |                                    |
|---------------------------------------|------------------------------------|
| (1) Paul L. Whiting                   | (5) James S. MacLeod               |
| (2) Lt. General Michael DeLong (Ret.) | (6) James K. Murray, Jr.           |
| (3) William J. Meurer                 | (7) Lorraine L. Lutton (nominee)   |
| (4) Iain A. Macdonald                 | (8) William D. Muir, Jr. (nominee) |

In connection with its decision to nominate Mr. Muir and Ms. Lutton to stand for election at the Annual Meeting, the Board has affirmatively determined that each of these nominees is independent and has no relationship with the Company.

## Nominations for Directors

The Nominating and Corporate Governance Committee (the Nominating Committee ) is responsible for screening potential director candidates and recommending qualified candidates to the Board for nomination. The Nominating 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 Nominating 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 Nominating Committee also considers individual qualities and attributes that will help create the desired heterogeneity.

**Table of Contents****CORPORATE GOVERNANCE**

The Nominating 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 Nominating 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 Nominating Committee and each nominee during the screening and evaluation process. The Nominating 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 Nominating Committee to be potential nominees, one or more members of the Nominating 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 Nominating Committee which will conduct a personal interview with the candidate. During the interview, the Nominating 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 Nominating Committee, as a result of the Nominating Committee's determination that the candidate will be able to add value to the Board and the candidate expresses his or her interest in serving on the Board, the Nominating 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.

Mr. H. Parks Helms and Dr. Linda McClintock-Greco, whose terms are expiring at this meeting, and who have served on the Board for 37 years and 16 years respectively, have notified the Board that they will retire and not stand for re-election this year. The remaining two Class I directors whose terms expire at the Annual Meeting have each been recommended to the Board by the Committee, and nominated by the Board to stand for re-election. The Committee also recommended to the Board, and the Board has nominated, William D. Muir, Jr. and Lorraine Leigh Lutton for election as new directors. Both Mr. Muir and Ms. Lutton were recommended to the Committee for consideration by non-management members of our Board of Directors.

The Committee will consider qualified nominees recommended by shareholders who may submit

recommendations to the Nominating 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 Nominating 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.



**Table of Contents**

**CORPORATE GOVERNANCE**

## **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 Executive 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 Executive Vice President and General Counsel,

relates to concerns or complaints regarding accounting, internal accounting controls and auditing matters is summarized and the summary and a copy of the correspondence is forwarded to the 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 Executive 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 five times during 2013, of which four were regularly scheduled meetings and

one was an unscheduled meeting. 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, 2013. All of the directors attended the 2013 Annual Meeting of Shareholders on May 21, 2013.



**Table of Contents****CORPORATE GOVERNANCE****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 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 2013 for each of the standing Board committees.

	Audit Committee	Finance Committee	Nominating and Corporate Governance Committee	Compensation Committee
<b>Non-employee Directors</b>				
Paul L. Whiting (Chairman of the Board)	ü			
Lt. General Michael P. DeLong (Ret.)*			ü	ü
Dr. Linda McClintock-Greco			ü	
H. Parks Helms			Chair	
Iain A. Macdonald	ü	ü		
James S. MacLeod	ü	ü		Chair
William J. Meurer	Chair	ü		
James K. Murray		Chair		ü
<b>Employee Director</b>				
Charles E. Sykes				
No. of Meetings in 2013	8	2	4	6

\* Gen. DeLong was a member of the Compensation Committee from 5/21/13 to 12/31/13.

**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 2013, the Audit Committee held eight 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. Additional information about the Audit Committee is included

under the heading "Audit Committee Disclosure" later in this proxy statement.

## Edgar Filing: SYKES ENTERPRISES INC - Form DEF 14A

**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 2013, the Finance Committee held 2 meetings. The Committee is governed by a written charter, which is reviewed on an annual basis.

## **Table of Contents**

### **CORPORATE GOVERNANCE**

***Nominating and Corporate Governance Committee.*** The purpose of the Nominating and Corporate Governance Committee is to: (a) identify individuals qualified to become members of the Board of Directors of the Company and its subsidiaries; (b) recommend to the Board of Directors director nominees for election at the annual meeting of shareholders or for election by the Board of Directors to fill open seats between annual meetings; (c) recommend to the Board of Directors committee appointments for directors; (d) develop and recommend to the Board of Directors corporate governance guidelines applicable to the Company; and (e) monitor the Company's compliance with good corporate governance standards. In 2013, 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 Committee.*** The Compensation 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. This Committee is also responsible for providing oversight and direction regarding the Company's employee health and welfare benefit programs. In 2013, 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.

Table of Contents**DIRECTOR COMPENSATION****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.

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

On May 17, 2012, the shareholders approved the Fifth Amended and Restated 2004 Non-Employee Director Fee Plan (the 2004 Fee Plan ) providing that the annual cash and equity retainer compensation amounts payable to directors under the 2004 Fee Plan would be determined by the Board of Directors on an annual basis. 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. For 2013, the total value of the Annual Retainer was \$125,000, payable \$50,000 in cash and the remainder paid in stock, the amount of which was determined by dividing \$75,000 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.

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>
<b><i>Audit Committee</i></b>	
Chairperson	\$ 20,000
Member	\$ 10,000
<b><i>Compensation Committee</i></b>	
Chairperson	\$ 15,000
Member	\$ 7,500
<b><i>Finance Committee</i></b>	
Chairperson	\$ 12,500
Member	\$ 7,500
<b><i>Nominating and Corporate Governance Committee</i></b>	
Chairperson	\$ 12,500
Member	\$ 7,500

## Edgar Filing: SYKES ENTERPRISES INC - Form DEF 14A

The annual grant of shares vests in four equal quarterly installments, one-fourth on the day following the annual meeting of shareholders, and an additional one-fourth on each successive third monthly anniversary of the date of grant. The annual grant of cash, 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 four equal quarterly installments, one-fourth on the day following the annual meeting of shareholders, and an additional one-fourth 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. At the Board's regularly scheduled meeting on March 19, 2014, upon the recommendation of the Compensation Committee, the Board determined that its compensation for the next fiscal year beginning on the date of the 2014 annual shareholder meeting would remain unchanged from 2013 levels. As the 2004 Fee Plan will

**Table of Contents****DIRECTOR COMPENSATION**

terminate in May, 2014, prior to the Annual Meeting, it is anticipated that such equity grants to non-employee directors will be made under the Company's 2011 Equity Incentive Plan.

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.

The following table contains information regarding compensation paid to the non-employee directors during fiscal year ending December 31, 2013, including cash and shares of the Company's common stock.

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
					Change in Pension		
	Fees Earned or Paid in Cash	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
Name	(\$) <sup>(1)</sup>	(\$) <sup>(2)</sup>	(\$)	(\$)	(\$)	(\$)	(\$)
Mark C. Bozek	14,375						14,375
Lt. General Michael DeLong (Ret.)	61,250	75,007					136,257
H. Parks Helms	62,500	75,007					137,507
Iain A. Macdonald	67,500	75,007					142,507
James S. MacLeod	82,500	75,007					157,507
Linda McClintock-Greco, M.D.	57,500	75,007					132,507
William J. Meurer	77,500	75,007					152,507
James K. Murray, Jr.	70,000	75,007					145,007
Paul L. Whiting	160,000	75,007					235,007

(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 2013. 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 26 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2013 filed on February 20, 2014 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

## EXECUTIVE COMPENSATION

**COMPENSATION DISCUSSION AND ANALYSIS****Executive Summary**

This Compensation Discussion and Analysis (this CD&A ) is intended to assist our shareholders in understanding the compensation of our 2013 named executive officers ( NEOs ) and includes the following individuals:

<b>Name</b>	<b>Title</b>
Charles E. Sykes	President and Chief Executive Officer ( CEO )
W. Michael Kipphut	Former Executive Vice President and Chief Financial Officer
Christopher M. Carrington	Executive Vice President of Global Delivery
Lawrence R. Zingale	Executive Vice President and General Manager of Major Markets
James T. Holder	Executive Vice President, General Counsel and Corporate Secretary

Sykes is a complex global business serving sophisticated and demanding clients. Our business and financial strategies require careful expense management while providing superior customer service and value. This requires experienced executive leadership with sound business judgment, a passion for service excellence, and the ability to understand and implement the Company's strategic growth plan, including leveraging our proprietary technology and effectively managing our global customer response team.

The primary and overriding objective of the Compensation Committee of the Board (the Committee ) in determining our executive compensation is to align the elements of our executive compensation program with the interests of our shareholders, with the ultimate goal being to increase and optimize shareholder value. Our executive compensation program aligns our business strategy and talent requirements with our goal of maximizing shareholder value by offering sufficiently competitive fixed compensation elements (such as base salary) to attract and retain talented executives while simultaneously emphasizing variable, at risk, compensation elements (such as short-term and long-term performance- and time-based incentive awards) to drive targeted performance and reward results in order to enhance long-term shareholder value.

The following are a few key financial and operating results, as well as the resulting incentive compensation results for 2013 and the 2011 - 2013 performance period:

**2013 Financial and Compensation Results**

Revenues for 2013 increased 12% year over year to \$1.264 billion. On a constant currency basis,\* and

\* See the Company's Current Report on Form 8-K filed with the SEC on February 18, 2014, for a reconciliation of these Non-GAAP (generally accepted accounting principles) financial measures to their most directly comparable GAAP financial measures. excluding revenue attributable to our acquisition of Alpine Access, Inc. in August of 2012 (which contributed only partially to revenues in 2012), revenues for 2013 increased 5.9% year over year. Revenue is not a determinate for short-term incentive compensation, but is for long-term incentive compensation.

Adjusted Operating Income\* for 2013 increased 5.2% year over year to \$72.9 million. Short-term incentive compensation for the year 2013 was based solely on Adjusted Operating Income targets, which were earned at 92.8% of the target award opportunity resulting in a payout of only 82% of the target award opportunity.

**2011 - 2013 Financial and Compensation Results**

## Edgar Filing: SYKES ENTERPRISES INC - Form DEF 14A

Cumulative revenue for the 2011 – 2013 performance period was \$3.56 billion, which fell below the threshold performance requirement for a payout under the terms of the award for the 2011 – 2013 performance period.

Cumulative Adjusted Operating Income for the 2011 – 2013 performance period was \$225 million, which fell below the threshold performance requirement for a payout under the terms of the award for the 2011 – 2013 performance period.

Based on the above revenue and Adjusted Operating Income measures, the performance shares tied to the 2011 – 2013 performance period were not earned by the named executive officers ( NEOs ) and have therefore been cancelled.

Many of the time-vested stock appreciation rights ( SARs ) granted in recent years were in the money at year end. The Company's adjustments to its executive compensation program have resulted in a strong linkage between pay and performance. While the Company's financial performance in 2013 met the Board's short-term performance targets, its long-term performance fell below the Board's more demanding long-term performance targets for the 2011 – 2013 performance period.

The Company uses Adjusted Operating Income as a performance measure in order to eliminate certain one-time or non-performance related items. The Company defines Adjusted Operating Income as operating income less:

depreciation and amortization related to asset write-ups in connection with acquisitions;

costs to obtain synergies in connection with acquisitions;

transaction costs associated with entity acquisitions and dispositions;

SYKES ENTERPRISES, INCORPORATED *ï* 2014 Proxy Statement 17



---

## **Table of Contents**

### **EXECUTIVE COMPENSATION**

restructuring and impairment charges related to acquisitions and dispositions referenced above; and

any effect (positive or negative) from foreign currency exchange rate fluctuations.

#### **2014 Compensation Decisions**

The Committee approved changes to the Company's executive compensation long-term incentive program ( LTIP ) in 2014 and continues to believe that the current executive compensation program creates a strong alignment between pay and performance. Accordingly, after deliberation with the CEO and with the Committee's independent compensation advisor, the Committee recommended to the Board that for 2014 it retain its incentive compensation structure to include short-term (one-year) performance-based cash incentives, and long-term (three-year) performance-based equity incentives, with payment dependent on achievement of pre-determined revenue and income targets. The Committee also recommended, and the Board approved, the following compensation policies for 2014:

Because the NEOs did not receive salary increases in 2013, the Committee approved moderate increases (below 5% of the base salary of each of the NEOs during 2014), with the goal of keeping base salaries of the NEOs near the 50<sup>th</sup> percentile of base pay of the Company's Compensation Peer Group (as discussed below).

There will be no increases to short-term incentive opportunities.

There will be no increases to long-term incentive opportunities, with the goal of retaining a long-term incentive plan that is highly performance-based. Accordingly, the LTIP for 2014 - 2016 will consist of the following elements:

g 20% of the grant consisting of restricted stock with time-based vesting, which will increase or decrease in value based on changes in the Company's stock price over time;

g 30% of the grant consisting of SARs with time-based vesting, which are only valuable to our executives if our stock price rises above the value of our stock on the date of grant; and

g 50% of the grant consisting of performance shares, with their value tied to challenging three-year financial performance targets, 1/3 of which are based on the Company's revenue and 2/3 of which are based on the Company's Adjusted Operating Income.

As the Company's size and complexity has made achievement of the Board's current maximum performance range thresholds for short-term and long-term incentive opportunities increasingly more difficult to achieve, the Committee adjusted the maximum performance range thresholds from 150% of target to 120% of target for both its short-term and long-term incentive opportunities in 2014.

## **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

## Edgar Filing: SYKES ENTERPRISES INC - Form DEF 14A

salaries and benefits designed to attract qualified executives, as well as carefully designed incentive compensation programs 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 NEOs specifically, the Committee reviews relevant market data provided by its outside independent compensation consultant, which includes an evaluation of the executive compensation packages paid to similarly situated executives of similarly situated companies. Although the market pay data is only one of many factors considered when making executive compensation determinations, the Committee generally seeks to position pay opportunities within a range of 80% to 120% of the 50<sup>th</sup> percentile pay level of similarly

situated executives. However, variations from this objective may occur as dictated by the experience level of the individual executive.

A significant percentage of the target total compensation to our NEOs and other executive officers consists of performance-based incentives which align the interests of our executives with those of our shareholders. 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 2013 the Committee continued the basic structure utilized in recent years, which determined performance-based incentives as a percentage of base salary, which percentage was validated against current market pay data. A significant percentage of the target total direct compensation to our executive officers is in the form of non-cash, long-term equity incentive awards. A chart showing the relative percentages between base salary and target short-term and long-term incentive compensation of the NEOs for 2013 is included below in the section of this CD&A entitled "Elements of Compensation."

**Table of Contents****EXECUTIVE COMPENSATION****Roles and Responsibilities in Determining Executive Compensation**

*The Role of the Compensation Committee.* The Committee 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 our executive team, specifically including the NEOs, is fair, reasonable and sufficiently competitive to attract and retain high quality executives who can lead the Company to achieve the goals that the Board believes will maximize shareholder value. For executives other than the CEO, executive compensation matters are first considered by the Committee, which then makes recommendations to the Board. The Board then considers and approves the Committee's recommendations or disapproves the Committee's recommendations and instructs the Committee to revise its compensation 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. The CEO is not present during voting or any deliberations regarding his compensation.

*The Role of the Chief Executive Officer.* The Committee meets periodically with the CEO to discuss and review executive compensation. The CEO provides the Committee with the appropriate business context for executive compensation decisions as well as specific recommendations for each of the executives, including the NEOs. Additionally, the Chairman of the Committee meets periodically with the CEO to discuss the Committee's views on the CEO's compensation and proposals for adjustments to be considered by the Committee.

*The Role of Senior Management.* The Committee periodically meets with representatives of our Human Resources, Finance, and Legal departments. These individuals provide the Committee with requested data, information, and advice regarding our executive compensation program, specifically with regard to incentive plan designs, performance measures and goals, and disclosure. These representatives are not involved in conversations regarding their own compensation.

*The Role of Outside Independent Consultants.* 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. Since 2010, the Committee has utilized Pearl Meyer & Partners ( PM&P ) as its independent executive compensation consultant.

During 2013, at the Committee's request, PM&P provided the following services:

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

Provided research, market data, survey information and design expertise to assist the Company develop executive and director compensation programs;

Advised the Committee on all principal aspects of executive and director compensation, including the competitiveness of program design and award values; and

Provided specific analyses with respect to the compensation of the Company's executive officers. PM&P is directly engaged by, and its activities are dictated by, the Committee. PM&P and its affiliates provide services only to the Committee and are prohibited from providing services or products of any kind to the Company. PM&P has certified to the Committee that neither it, nor any of the individuals providing services to the Committee on its behalf, have any business or personal relationship with any of the directors or

## Edgar Filing: SYKES ENTERPRISES INC - Form DEF 14A

executive officers of the Company, and has further certified that the compensation it receives for its services to the Committee comprised less than 1% of its total revenue for 2013.

In 2013, the Committee assessed the independence of PM&P and considered whether its work raised any conflicts of interest, taking into consideration the independence factors set forth in the NASDAQ listing rules. Based on that assessment, the Committee determined that PM&P was independent and that its work did not raise any conflicts of interest.

*The Role of Peer Group Data.* In making its compensation decisions for 2013, the Committee compared the Company's pay and performance levels against a peer group of twelve publicly traded companies which the Committee believes compete with the Company in the customer contact management industry for executive talent (the Compensation Peer Group). PM&P and the Committee annually review the composition of the Compensation Peer Group is to determine whether there are new companies which should be added, or existing companies which should be deleted. For its analysis in 2013, the Committee replaced two companies in the Compensation Peer Group from those used in 2012 due to the fact that one had been acquired by another entity and one had decreased in relative size to an extent that comparisons to the Company were no longer deemed valid.

SYKES ENTERPRISES, INCORPORATED | 2014 Proxy Statement 19

## **Table of Contents**

### **EXECUTIVE COMPENSATION**

The companies included in the Compensation Peer Group and used as the basis for comparison and analysis by the Committee with respect to 2013 compensation decisions were:

Genpact Limited  
Kforce Inc.  
Convergys Corporation  
FTI Consulting, Inc.  
West Corporation  
Ciber, Inc.  
Alliance Data Systems Corporation  
TeleTech Holdings, Inc.  
Acxiom Corporation  
CDI Corp.  
Syntel, Inc.  
ExlService Holdings, Inc.

As in prior years, the Compensation Peer Group analysis and data are one of many factors considered by the Committee and the Board in making its final pay determinations. Other important factors include the current and expected performance of the Company, the current and expected performance of the executive and ensuring that our executive compensation program is internally consistent and equitable.

## **Executive Compensation Analysis**

As in prior years, the Committee requested, reviewed, and discussed an independent analysis of the Company's executive compensation program provided by PM&P. The analysis included a review of compensation competitiveness, pay and performance alignment, our LTIP design, and an overall risk assessment of the executive compensation program. The following were the significant findings from this analysis:

Base salaries were generally positioned at the 50<sup>th</sup> percentile of our Compensation Peer Group;

Target total cash compensation (salary plus target short-term incentive opportunity) was generally positioned at the 50<sup>th</sup> percentile of our Compensation Peer Group;

Long-term incentive grant values were positioned near the 75<sup>th</sup> percentile of our Compensation Peer Group, but the aggregate equity grant rate (as a percent of shares outstanding) was below the 25<sup>th</sup> percentile of our Compensation Peer Group;

Total direct compensation (target total cash compensation plus long-term incentive grant value) was positioned slightly above the 50<sup>th</sup> percentile of our Compensation Peer Group;

## Edgar Filing: SYKES ENTERPRISES INC - Form DEF 14A

Company performance (across a variety of financial and operating metrics) on a 1-year and 3-year basis was generally positioned at the 75<sup>th</sup> percentile; and

The overall program strikes a balance between risks and rewards, and is not believed to encourage executives to take undue risks that could materially harm the Company.

The above analysis reflects our executive team in the aggregate. As expected, there is variation by executive (with regard to pay competitiveness) and by performance measure (with regard to relative performance). This analysis was

completed in August 2012 and was one of many inputs into the Committee's decisions with regard to our 2013 executive compensation program.

*Results of the 2013 Shareholder Advisory Vote to Approve Compensation of Our NEOs.* At our 2013 Annual Meeting of Shareholders, our shareholders had the opportunity to cast an advisory vote to approve the compensation of our named executive officers as disclosed in our 2013 Proxy Statement. Approximately 82.5% of the votes cast on this proposal voted to approve, on an advisory basis, the 2012 compensation of our named executive officers. The Committee believes that the results of this vote indicate that our shareholders generally support our executive compensation program. The Committee considered that support when making executive compensation decisions for fiscal 2013. As a result, the Committee recommended that the executive compensation structure for 2013 remain substantially the same, utilizing a combination of base salary, short-term incentive and long-term incentive compensation, with total compensation being weighted heavily toward equity-based compensation. The Committee did recommend, and the Board approved for 2013, the addition of time-based restricted stock to the mix of long-term compensation and also increased the grant values and maximum earning potential for equity incentive compensation for the executive officers, including the NEOs. The long-term equity incentive compensation program designs for performance cycles beginning in 2011, 2012 and 2013 are shown below in the tables under the heading "Performance-Based, Long-Term Equity Incentive Compensation" in this CD&A. The Committee will continue to monitor and consider the outcome of shareholder advisory votes when making future decisions regarding our executive compensation program.

**Table of Contents****EXECUTIVE COMPENSATION****Elements of Compensation**

The 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 granted in the form of time-based restricted stock (or restricted stock units), performance based restricted stock (or restricted stock units), and time-based SARs. 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.

The relative percentages between base salary, annual cash incentive targets and long-term, equity-based incentive targets as compared to total target compensation for the NEOs for 2013 were as follows:

<b>Name</b>	<b>Total Direct Compensation</b>	<b>Base Salary</b>	<b>Annual Cash Incentive</b>	<b>Long-Term Equity Incentive</b>
Charles E. Sykes	100%	20%	20%	60%
W. Michael Kipphut	100%	32%	23%	45%
Christopher M. Carrington	100%	32%	23%	45%
Lawrence R. Zingale	100%	32%	23%	45%
James T. Holder	100%	45%	23%	32%

**Table of Contents**

**EXECUTIVE COMPENSATION**

The key elements of our 2013 executive compensation program were as follows:

Type of Compensation	Element of Compensation	Description	Rationale	Target Positioning within Compensation Peer Group
Base Salary		Fixed amount of annual cash compensation	Attracts and retains talented, experienced executives	
		Variable cash amount based on achievement of Company (and sometimes individual) performance goals	Motivates executives to achieve and exceed annual goals	
<i>Short-Term</i>	Annual Performance-Based Cash Incentive Award	Award value based on a percentage of the executive's base salary and achievement of Adjusted Operating Income performance targets	Attracts talent by offering a compensation opportunity that awards performance	Near market mean (50th percentile)
		Threshold performance paid out at 50% of target, maximum performance paid out at 150% of target	Maximizes short-term profitability and drives shareholder value	
<i>Incentive Awards</i>	Stock Appreciation Rights	Entitles recipient to receive, at the time of exercise, shares with a market value equal to the difference between the exercise price of the SARs (the closing price of the underlying shares on the grant date) and the market price of the underlying shares on the date of exercise	Value tied to the appreciation of the value of our Common Stock	
			Balances short-term and long-term decision making	
	Time-Based Restricted Stock (or Stock Unit) Awards	Vest ratably over a three-year period		
		New share-based element of incentive compensation for fiscal 2013	Time-based vesting blends a short-term award with long-term incentive	
	Performance-Based Restricted Stock (or Stock Unit) Awards	Vest ratably over a three-year period	Rewards longevity	
		Variable amount of shares paid out to the executive at the end of a three-year performance period		
<i>Long-Term</i>	Performance-Based Restricted Stock (or Stock Unit) Awards	Award value based on a percentage of the executive's base salary in the year of grant and achievement of revenue and Adjusted Operating Income performance targets		
		1/3 of the amount of shares paid out are tied to gross revenue, 2/3 of the shares paid out are tied to Adjusted Operating Income	Rewards achievement of long-term performance goals	Up to 75th percentile of the market, but balanced with low equity grant rate
		Threshold performance (95% of target performance measures) paid out at 50% of the target payout, maximum performance (110%	Balances short-term and long-term decision making	



## Edgar Filing: SYKES ENTERPRISES INC - Form DEF 14A

*Incentive Awards*

of target performance measures) paid out at  
200% of target payout

Maximizes long-term profitability and  
drives shareholder value

***Base Salary***

Base salary is designed to provide each of our NEOs with a fixed amount of annual compensation that is competitive with the marketplace. Base salaries for the NEOs are determined for each executive based on his or her position and responsibility, and are further informed by using market data provided to the Committee by PM&P. 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 50<sup>th</sup> percentile pay level of our Compensation Peer Group. During its review of base salaries for executives, the Committee primarily considers:

the market data provided by PM&P;

internal review of the executive's compensation, both individually and relative to other officers; and

individual performance of the executive.

**Table of Contents****EXECUTIVE COMPENSATION**

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 the base salaries of our executive leadership team, other than the President and CEO, are based on the Committee's assessment of the individual's performance, with input from the President and CEO. Merit increases for the President and CEO are determined by the Committee based upon the Committee's assessment of performance, with input from the Board, and after consultation with PM&P. Based upon a combination of all the foregoing factors, the Committee made no salary adjustments for the NEOs in 2013.

***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:

Reward achievement of pre-determined annual corporate (and sometimes individual) performance goals;

Reward current performance by basing payment on the achievement of quantifiable performance measures that reflect contributions to the success of our business; and

Encourage actions by the executives that contribute directly to our operating and financial results.

In fiscal year 2013, the annual cash incentive opportunity for the President and CEO 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 maximum performance represents the highest level likely to be attained. 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 CEO 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 the Company's 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 PM&P.

For 2013, the Committee met with management and reviewed the Company's operating plan for 2013 to establish the target financial goals of the Company on which the annual performance-based cash incentive compensation awards would be based. The performance measure selected for the 2013 short-term incentive plan was Adjusted Operating Income.

The Committee believes that Adjusted Operating Income, as defined, is an effective and appropriate measure of the Company's operating performance on an annual basis to use in its evaluation of executive compensation. The performance target for 2013 was Adjusted Operating Income of \$77.1 million. The Company's actual Adjusted Operating Income for 2013 was \$71.571 million. This performance result yielded a short-term incentive payout equal to 82% of the targeted payout for each participant.

Edgar Filing: SYKES ENTERPRISES INC - Form DEF 14A

The Company's 2013 annual incentive plan compensation is summarized in the table below:

Named Executive Officer	Base Salary	Threshold Award Percentage*	Target Award Percentage*	Maximum Award Percentage*	Target Annual Incentive Award	2013 Annual Cash Incentive Award	2013 Award Percentage*
Charles E. Sykes	\$ 624,999	50%	100%	150%	\$ 624,999	\$ 512,499	82%
W. Michael Kipphut	\$ 424,299	35%	70%	105%	\$ 297,009	\$ 243,548	57%
Christopher M. Carrington	\$ 425,006	35%	70%	105%	\$ 297,504	\$ 304,645	57%
Lawrence R. Zingale	\$ 400,005	35%	70%	105%	\$ 280,004	\$ 261,243	57%
James T. Holder	\$ 306,342	25%	50%	75%	\$ 153,171	\$ 125,600	41%

\* As a percentage of the respective NEO's base salary.

---

**Table of Contents****EXECUTIVE COMPENSATION***Discretionary Bonuses*

The Committee believes that discretionary bonuses should be a rare occurrence because such bonuses do not support our philosophy of aligning the long-term interests of our executive officers with those of our shareholders. Consistent with its past practices, the Committee did not award any discretionary bonuses to any of the NEOs for 2013 performance.

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

The performance-based, long-term equity incentive compensation component of total direct compensation for our executive officers 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 ownership stake in the Company. The Committee utilizes a combination of time-based restricted stock (or restricted stock units for executives and key employees in foreign countries who would incur unfavorable tax consequences due to local tax laws if they were to receive restricted stock), performance-based restricted stock (or restricted stock units) and time-based SARs. The Committee believes these components of performance-based, long-term equity incentive compensation directly align the interests of the Company's executive officers with the interests of its shareholders by requiring achievement of both long-term operating results that are the drivers of long-term value creation and actual increases in the Company's stock price. For 2013, the grant mix for the NEOs was as follows:

The performance-based restricted stock award is earned based on cumulative performance over a 3-year performance

period. The time-based restricted stock award and SARs vest ratably over a 3-year period (i.e., 1/3 of the award vests at the end of the first year of the period, 1/3 vests at the end of the second year of the period and 1/3 vests at the end of the third year of the period).

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 a significant portion of at risk compensation. In setting award percentages (which are tied to salary), the Committee considers the level of each executive officer's accountability for contributing to bottom line financial results, and the degree of influence that executive officer has over results, as well as data from the market assessment provided by PM&P.

With respect to the performance-based restricted stock, the Committee meets with management each year to review the proposed operating plan for the upcoming year, and in conjunction with the Board's approval of its 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 for the three-year performance period beginning in 2013. The performance-based restricted stock awards are paid out at 50% of target payout for attaining 95% of the target performance measure (the threshold performance goal) and at 200% of the target payout for attaining 110% of target performance measure (the maximum performance goal), with straight-line interpolation between threshold and target and between target and maximum. Below is a discussion of the specific design elements of each performance-based restricted stock grant that was either awarded in or has a payout potential in the years covered by this Proxy Statement. The amount each NEO received as performance-based, long-term equity incentive compensation for each of the three-year measurement periods beginning in 2011, 2012 and 2013 is reported in the Stock Awards column of the Summary Compensation Table on page 31 of this Proxy Statement.

**Table of Contents****EXECUTIVE COMPENSATION****2013 - 2015 Performance Cycle**

The Committee set the 2013 - 2015 performance cycle LTIP awards as a percentage of the base salary of each NEO as follows:

Named Executive Officer	Performance Stock	Performance Stock	Performance Stock	Restricted Stock Award Percentage	SAR Award Percentage
	Award Percentage Threshold	Award Percentage Target	Award Percentage Maximum		
Charles E. Sykes	100%	200%	400%	80%	120%
W. Michael Kipphut	50%	100%	200%	40%	60%
Christopher M. Carrington	50%	100%	200%	40%	60%
Lawrence R. Zingale	50%	100%	200%	40%	60%
James T. Holder	25.5%	50%	100%	20%	30%

The performance stock awards will be paid to our NEOs following completion of fiscal 2015, if earned. The shares of restricted stock and SARs were granted in fiscal 2013, and will have value based on the value of the shares of the Company's common stock over the three-year vesting period for the restricted stock and SARs.

The three-year, cumulative performance measures that will be used by the Committee for calculating award values for performance stock awards granted for the 2013 - 2015 performance period are:

Performance Measure	Weighting	Threshold Performance	Target Performance	Maximum Performance
Adjusted Operating Income	2/3	\$ 230,904,863	\$ 243,057,750	\$ 267,363,525
Revenue	1/3	\$ 3,666,644,107	\$ 3,859,625,375	\$ 4,245,587,913

The 2013 - 2015 performance cycle LTIP target award values for the performance stock awards, which will be paid to our NEOs following completion of fiscal 2015, if earned, and the number and value of shares of restricted stock and the number of shares underlying SARs awarded are as follows:

Named Executive Officer	Performance Stock	Performance Stock Awarded	Restricted Stock Value <sup>(1)</sup>	Number of Shares of Restricted Stock Awarded	Number of Shares Underlying SARs <sup>(2)</sup>
	Value at Target	at Target			
Charles E. Sykes	\$ 1,250,000	81,967	\$ 500,000	32,787	123,355
W. Michael Kipphut <sup>(3)</sup>	\$ 424,297	27,823	\$ 169,719	11,129	41,871
Christopher M. Carrington	\$ 425,000	27,869	\$ 170,000	11,148	41,941
Lawrence R. Zingale	\$ 400,000	26,230	\$ 160,000	10,492	39,474
James T. Holder	\$ 153,174	10,044	\$ 61,269	4,018	15,116

<sup>(1)</sup> The value of the restricted stock award is calculated by multiplying the market price of the Company's common stock on the grant date by the number of shares awarded to the NEO. The grant date value of the restricted stock granted to our NEOs is included in the amount set forth under "Stock Awards" on the Summary Compensation Table later in this proxy statement. The restricted stock award vests ratably over a three-year period, with 1/3 of the award vesting after fiscal 2013, 1/3 of the award vesting after fiscal 2014 and 1/3 of the award vesting after fiscal 2015.

## Edgar Filing: SYKES ENTERPRISES INC - Form DEF 14A

- (2) *The SARs vest ratably over a three-year period, with 1/3 of the award vesting after fiscal 2013, 1/3 of the award vesting after fiscal 2014, and 1/3 of the award vesting after fiscal 2015. Upon exercise, the NEO is entitled to a payout equal to the value of the SARs in shares of the Company's common stock. The SARs were granted on March 26, 2013 with an exercise price of \$15.25. The actual grant date value of the SARs granted to our NEOs is set forth under Option Awards on the Summary Compensation Table later in this proxy statement. The actual number of shares underlying the SARs cannot be determined until such time as the SARs vest and are exercised and the spread between the fair value on the date of exercise and the base price is known.*
- (3) *Due to Mr. Kipphut's retirement in April of 2014, Mr. Kipphut will not receive a payout of performance stock for the 2013 - 2015 performance period and will forfeit a portion of the restricted stock award and SARs.*

SYKES ENTERPRISES, INCORPORATED | 2014 Proxy Statement 25

**Table of Contents****EXECUTIVE COMPENSATION****2012 - 2014 Performance Cycle**

The Committee set the 2012 - 2014 performance cycle LTIP awards as a percentage of the base salary of each NEO as follows:

Named Executive Officer	Performance Stock	Performance Stock	Performance Stock	SAR Award
	Award Percentage Threshold	Award Percentage Target	Award Percentage Maximum	Percentage
Charles E. Sykes	100%	200%	300%	100%
W. Michael Kipphut	47%	93%	140%	47%
Christopher M. Carrington <sup>(3)</sup>	N/A	N/A	N/A	N/A
Lawrence R. Zingale	47%	93%	140%	47%
James T. Holder	23%	47%	70%	23%

The performance stock awards will be paid to our NEOs following completion of fiscal 2014, if earned. The SARs were granted in fiscal 2012, and will have value based on the value of the shares of the Company's common stock over the three-year vesting period for the SARs.

The three-year, cumulative performance measures that will be used by the Committee for calculating award values for performance stock awards granted for the 2012 - 2014 performance period are:

Performance Measure	Weighting	Threshold Performance	Target Performance	Maximum Performance
Adjusted Operating Income	2/3	\$ 265,714,151	\$ 279,699,106	\$ 307,669,017
Revenue	1/3	\$ 3,536,384,491	\$ 3,722,509,991	\$ 4,094,760,990

The 2012 - 2014 performance cycle LTIP target award values for the performance stock awards, which will be paid to our NEOs following completion of fiscal 2014, if earned, and the number of shares underlying SARs are as follows:

Named Executive Officer	Total Award Value at Target	Performance Stock		Number of Shares Underlying SARs <sup>(1)</sup>
		Value at Target	Number of Shares Awarded at Target	
Charles E. Sykes	\$ 1,875,000	\$ 1,250,000	82,183	104,690
W. Michael Kipphut <sup>(2)</sup>	\$ 594,017	\$ 395,997	26,035	33,169
Christopher M. Carrington <sup>(3)</sup>	N/A	N/A	N/A	N/A
Lawrence R. Zingale	\$ 514,268	\$ 342,833	22,540	28,716
James T. Holder	\$ 214,443	\$ 142,972	9,400	11,972

<sup>(1)</sup> The SARs vest ratably over a three-year period, with 1/3 of the award vesting after fiscal 2012, 1/3 of the award vesting after fiscal 2013, and 1/3 of the award vesting after fiscal 2014. Upon exercise, the NEO is entitled to a payout equal to the value of the SARs in shares of the Company's common stock. The SARs were granted on March 21, 2012 with an exercise price of \$15.21. The actual grant date value of the SARs granted to our NEOs is set forth under Option Awards on the Summary Compensation Table later in this proxy statement. The actual number of shares underlying the SARs cannot be determined until such time as the SARs vest and are exercised and the spread between the fair value on the date of exercise and the base price is known.

<sup>(2)</sup> Due to Mr. Kipphut's retirement in April of 2014, Mr. Kipphut will not receive a payout of performance stock for the 2012 - 2014 performance period and will forfeit a portion of the restricted stock award and SARs.

<sup>(3)</sup> Mr. Carrington was not employed by the Company on the grant date and is therefore not participating in this performance cycle of incentive compensation.

**Table of Contents****EXECUTIVE COMPENSATION****2011 - 2013 Performance Cycle**

In 2011, the Committee set the 2011 - 2013 performance cycle LTIP awards as a percentage of the base salary of each NEO as follows:

Named Executive Officer	Performance Stock	Performance Stock	Performance Stock	SAR Award
	Award Percentage Threshold	Award Percentage Target	Award Percentage Maximum	Percentage
Charles E. Sykes	100%	200%	300%	100%
W. Michael Kipphut	47%	93%	140%	47%
Christopher M. Carrington <sup>(1)</sup>	N/A	N/A	N/A	N/A
Lawrence R. Zingale	47%	93%	140%	47%
James T. Holder	23%	47%	70%	23%

The three-year, cumulative performance measures that were used by the Committee for calculating award values for performance stock awards granted for the 2011 - 2013 performance period were:

Performance Measure	Weighting	Threshold Performance	Target Performance	Maximum Performance	Actual Performance
Adjusted Operating Income	2/3	\$ 270,982,862	\$ 277,334,707	\$ 293,649,021	\$ 224,572,000
Revenue	1/3	\$ 3,761,735,793	\$ 3,835,500,930	\$ 4,024,136,575	\$ 3,560,000,000

Because the Company's cumulative Adjusted Operating Income and revenue during the 2011 - 2013 performance period did not meet their respective performance thresholds for a payout of performance stock, no payouts were made in 2013:

Named Executive Officer	Performance Stock	
	Award Value at Target	Performance Stock Award Value
Charles E. Sykes	\$ 1,250,000	\$ 0
W. Michael Kipphut	\$ 395,997	\$ 0
Christopher M. Carrington <sup>(1)</sup>	N/A	N/A
Lawrence R. Zingale	\$ 342,833	\$ 0
James T. Holder	\$ 142,972	\$ 0

<sup>(1)</sup> Mr. Carrington was not employed with the Company on the grant date and therefore did not participate in this performance cycle of incentive compensation. The Outstanding Equity Awards At Fiscal Year-End table later in this proxy statement shows the number of shares underlying outstanding SARs granted in 2011 held by each NEO, which have an exercise price of \$18.67, based on the market price of the Company's common stock on the grant date.

***Executive Deferred Compensation***

Participation in the Company's executive Deferred Compensation Plan (the "Deferred Compensation Plan") is limited to employees at the Director level and above within the Company's organizational structure (in ascending order, Directors, Senior Directors, Executive Directors, Vice Presidents, Senior Vice Presidents, Executive Vice Presidents and the President). Participants in the Deferred Compensation 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 per year for Senior Vice



## Edgar Filing: SYKES ENTERPRISES INC - Form DEF 14A

Presidents and above and \$7,500 per year for Vice Presidents. No match is made on deferrals by other participants. The matching contributions made to the Deferred Compensation Plan by the Company are made in the form of Company common stock.

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

SYKES ENTERPRISES, INCORPORATED *i* 2014 Proxy Statement 27

**Table of Contents****EXECUTIVE COMPENSATION**

A participant in the Deferred Compensation Plan forfeits any undistributed matching contributions if the participant is terminated for cause as defined in the Deferred Compensation Plan or the participant enters into a business or employment which the Company's CEO determines to be in violation of any non-compete agreement between the participant and the Company. In addition, participants that terminate their employment (for reasons other than death, disability or retirement) less than seven years after the date they begin making contributions to the Deferred Compensation

Plan risk forfeiture of all or a portion of the Company's matching contributions and earnings, as outlined below:

<b>Years of Participation in the Deferred Compensation Plan Prior to Termination</b>	<b>Effect of Termination on Matching Contribution and Earnings</b>
Less than 3	Forfeited
More than 3, but less than 5	Forfeits 67%
More than 5, but less than 7	Forfeits 33%
More than 7	Retains 100%

In the event of a distribution of benefits as a result of a change in control, the Company will increase the benefits for Senior Vice Presidents, Executive Vice Presidents and the President by an amount sufficient to offset the income tax obligations created by the distribution of benefits.

**Other Elements of the Compensation Program*****Stock Ownership Guidelines***

The Board has adopted stock ownership guidelines for the NEOs 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 on August 1, 2013 to acquire the required amount of stock, were originally adopted in 2006 and updated in 2013. The Committee reviews the stock ownership of the Company's executive officers 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 and fully vested matching shares under the Company's executive Deferred Compensation Plan. There are no additional stock holding period requirements for shares acquired upon exercise of SARs or upon the vesting of performance-based restricted stock.

***Clawback and Anti-Hedging Policies***

The Board has not yet adopted specific clawback and anti-hedging policies beyond the requirements already created by various provisions of Sarbanes-Oxley. However, the Board intends to adopt fully compliant clawback and anti-hedging policies as soon as practical following the issuance of final rules and regulations by the SEC in enacting the requirements of the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act.

***Change-in-Control Provisions***

## Edgar Filing: SYKES ENTERPRISES INC - Form DEF 14A

We have change-in-control provisions in the employment agreements with Messrs. Sykes, Kipphut, Carrington and Zingale, as well as in all of the equity incentive agreements with all of our executives and key employees. The change-in-

control provision in the employment agreement with Mr. Sykes is a modified double-trigger arrangement which permits him to terminate his agreement for Good Reason, the definition of which includes a change-in-control. The change-in-control provisions in the four other employment agreements are double-trigger arrangements, meaning that payments are only made if there is a change-in-control of the Company and the executive officer's employment is terminated without cause, or the executive officer terminates employment for good reason, as such terms are defined in their respective employment agreements. All of our employment agreements with the NEOs, and the other executive officers, contain severance agreements ranging from one to three years of compensation and benefits in the event of termination by the Company other than for cause. These agreements are discussed in greater detail beginning on page 40 under the heading Employment Agreements. 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 its NEOs 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. These amounts represent mainly Company matches to the Deferred Compensation Plan, excess group term life insurance premiums and additional compensation paid to the NEOs related to the cost of executive physicals and other health and welfare benefits. The NEOs are also permitted to fly in business class when traveling overseas

**Table of Contents**

**EXECUTIVE COMPENSATION**

on business and are permitted to attend sporting events utilizing Company paid tickets that are not otherwise utilized in connection with business development. The Committee

periodically reviews the levels of perquisites and other personal benefits provided to NEOs.

## **Mitigating Compensation Risks**

Although the responsibility for oversight of enterprise risk management lies with the full Board, the Committee annually reviews and conducts an assessment of the risks associated with the Company's compensation policies and practices. Based on its assessment conducted in 2013, the Committee determined that the Company's compensation policies and practices are not reasonably likely to have a material adverse effect on the Company. In reaching that conclusion, the Committee evaluated each of the following key elements of the Company's compensation plans and practices for its executive officers:

Performance and pay horizons are appropriate and not overweight in short-term incentives;

The relationship between the incremental achievement levels and corresponding payouts in the Company's incentive plans are appropriate and have caps on payouts;

The incentive plans employ a reasonable mix of performance metrics and are not concentrated on a single metric;

Criteria for payments are closely aligned with our strategic goals and shareholder interests;

Payout curves are reasonable and do not contain steep cliffs that might encourage unreasonable short-term business decisions to achieve payment thresholds; and

Equity compensation plans for executive officers consist of a balanced mix of performance-based restricted stock awards, time-based SARs, and time-based restricted stock awards.

## **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 its 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 the requirements of Section 162(m) 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 (the Jobs Creation Act ) was signed into law, changing the tax rules applicable to nonqualified deferred compensation arrangements. The Company believes its agreements containing deferred compensation components comply with the final regulations issued in connection with the Jobs Creation Act. A more detailed discussion of the Company's nonqualified deferred compensation arrangements is provided on page 35 under the heading Nonqualified Deferred Compensation.

**Table of Contents**

**COMPENSATION COMMITTEE REPORT**

# COMPENSATION COMMITTEE REPORT

The Compensation 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 Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

THE COMPENSATION COMMITTEE

James S. MacLeod, Chairman

James K. Murray, Jr.

Lt. Gen. Michael DeLong (Ret.)

Table of Contents

## COMPENSATION COMMITTEE REPORT

**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, 2013, December 31, 2012 and December 31, 2011. 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 did not receive payments which would be characterized as Bonus payments for the fiscal years ended December 31, 2013, December 31, 2012 or December 31, 2011. Amounts listed under column (g), Non-Equity Incentive Plan Compensation were paid in accordance with parameters determined by the Committee on March 19, 2013, March 6, 2012 and March 7, 2011, respectively, and were paid in March 2014, March 2013 and March 2012, respectively.

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h) Change in Pension	(i)	(j)
Name and Principal Position	Year	Salary (\$) <sup>(1)</sup>	Bonus (\$)	Stock Awards (\$) <sup>(2)</sup>	Option Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (\$) <sup>(3)</sup>	Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$) <sup>(4)</sup>	Total (\$)
<b>Charles E. Sykes</b> President and Chief Executive Officer	2013	624,998		1,749,999	749,998	512,499		30,021	3,667,515
	2012	624,998		1,250,627	624,999	546,874		32,019	3,079,517
	2011	609,058		1,250,610	624,999	502,473		31,944	3,019,084
<b>W. Michael Kipphut</b> Executive Vice President & Chief Financial Officer	2013	424,299		594,018	254,576	243,548		40,217	1,556,658
	2012	422,379		396,190	198,019	258,707		36,439	1,311,734
	2011	413,210		388,429	194,135	238,629		36,759	1,271,162
<b>Christopher M. Carrington<sup>(5)</sup></b> Executive Vice President of Global Delivery	2013	425,006		595,009	255,001	304,645		4,712	1,584,373
	2012	137,047				401,711		2,157	540,915
	2011								
<b>Lawrence R. Zingale</b> Executive Vice President, General Manager Major Markets	2013	400,005		560,011	240,002	261,243		27,675	1,488,935
	2012	374,088		343,001	171,435	216,036		26,462	1,131,022
	2011	352,701		336,284	168,071	203,685		25,980	1,086,721
<b>James T. Holder</b> Executive Vice President, General Counsel and Corporate Secretary	2013	306,342		214,446	91,905	125,600		24,721	763,014
	2012	304,955		143,050	71,473	133,418		24,077	676,973
	2011	294,101		140,249	70,070	121,317		23,852	649,588

(1) The amounts shown in column (c) include amounts resulting from a 27<sup>th</sup> pay period that fell into 2011.

(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 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)). See Notes 1 and 26 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2013 filed on February 20, 2014 for a discussion of the relevant assumptions used in calculating the grant date fair value in accordance with FASB ASC Topic 718.

(3)

## Edgar Filing: SYKES ENTERPRISES INC - Form DEF 14A

*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 35 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 35 under the heading Nonqualified 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; and*

*the Company's matching contribution to the Sykes Enterprises, Incorporated Employees' 401(k) Savings Plan and Trust.*

*(5) Mr. Carrington was not employed by the Company until September 13, 2012.*

SYKES ENTERPRISES, INCORPORATED | 2014 Proxy Statement 31



**Table of Contents****COMPENSATION COMMITTEE REPORT****Grants of Plan-Based Awards**

The following table provides information about equity and non-equity awards granted to the named executives in 2013, including (i) the grant date, (ii) the estimated future payouts under the non-equity incentive plan awards, (iii) the estimated future payouts under equity incentive plan awards, which consist of shares of restricted stock, (iv) all other stock awards which consist of shares of the Company's stock contributed as matching contributions under the Executive Deferred Compensation Plan, (v) all other option awards, which consist of Stock Appreciation Rights and the base price of those Stock Appreciation Rights, and (vi) the fair value of the equity awards on the date of grant.

(a)	(b)	Estimated Future			Estimated Future Payouts Under			(i)	(j)	(k)	(l)
		Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			Equity Incentive Plan Awards <sup>(2)</sup>						
Name	Grant Date	Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	(#) <sup>(3)</sup>	(#) <sup>(4)</sup>	(\$/sh)	(\$)
Charles E. Sykes	3/26				40,984	81,967	163,934			15.25	1,249,997
	3/26							32,787		15.25	500,002
	3/26								123,355	15.25	749,998
	3/26	312,500	625,000	937,500							
	3/31							751		15.96	11,986
W. Michael Kipphut	3/26				13,912	27,823	55,646			15.25	424,301
	3/26							11,129		15.25	169,717
	3/26								41,871	15.25	254,576
	3/26	148,504	297,008	445,512							
	3/31							538		15.96	8,586
	6/30							186		15.76	2,931
Christopher M. Carrington	9/30							25		17.89	447
	3/26				13,935	27,869	55,738			15.25	425,002
	3/26							11,148		15.25	170,007
	3/26								41,941	15.25	255,001
	3/26	148,750	297,500	446,250							
Lawrence R. Zingale	3/26				13,115	26,230	52,459			15.25	400,008
	3/26							10,492		15.25	160,003
	3/26								39,474	15.25	240,002
	3/26	140,000	280,000	420,000							
	3/31							269		15.96	4,293
	6/30							234		15.76	3,687
James T. Holder	9/30							223		17.89	3,989
	3/26				5,022	10,044	20,088			15.25	153,171
	3/26							4,018		15.25	61,275
	3/26								15,116	15.25	91,905
	3/26	76,587	153,174	229,760							
	3/31							206		15.96	3,288
	6/30							179		15.76	2,821
	9/30							184		17.89	3,292
12/31							118		21.81	2,574	

## Edgar Filing: SYKES ENTERPRISES INC - Form DEF 14A

- (1) *These amounts are based on the individual's current salary and position.*
- (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 24 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****COMPENSATION COMMITTEE REPORT****Outstanding Equity Awards at Fiscal Year-End**

The following table provides information on the holdings of stock option and stock awards by the named executives as of December 31, 2013. 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)	Option Awards					Stock Awards			
	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Name	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	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 (\$)	Equity Incentive Plan Awards: Number of 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 (\$)
<b>Charles E. Sykes</b>									
2008-2010 SARs <sup>(1)</sup>	15,432			17.87	01/02/18				
2009-2011 SARs <sup>(2)</sup>	67,947			19.69	01/05/19				
2010-2012 SARs <sup>(3)</sup>	49,381			23.88	03/05/20				
2011-2013 LTI PS <sup>(4)</sup>								53,562	1,168,187
2011-2013 SARs <sup>(5)</sup>	58,686	29,342		18.67	03/07/21				
2012-2014 LTI PS <sup>(6)</sup>								71,225	1,553,417
2012-2014 SARs <sup>(7)</sup>	34,896	69,794		15.21	03/21/22				
2013-2015 LTI PS <sup>(8)</sup>								111,065	2,422,328
2013-2015 LTI RS <sup>(9)</sup>								32,787	715,084
2013-2015 SARs <sup>(10)</sup>		123,355		15.25	03/26/23				
<b>W. Michael Kipphut</b>									
2010-2012 SARs <sup>(3)</sup>	18,284			23.88	03/05/20				
2011-2013 LTI PS <sup>(4)</sup>								16,635	362,809
2011-2013 SARs <sup>(5)</sup>		9,115		18.67	03/07/21				
2012-2014 LTI PS <sup>(6)</sup>								22,564	492,121
2012-2014 SARs <sup>(7)</sup>		22,113		15.21	03/21/22				
2013-2015 LTI PS <sup>(8)</sup>								37,701	822,259
2013-2015 LTI RS <sup>(9)</sup>								11,129	242,723
2013-2015 SARs <sup>(10)</sup>		41,871		15.25	03/26/23				
<b>Christopher M. Carrington</b>									
2013-2015 LTI PS <sup>(8)</sup>								37,762	823,589
2013-2015 LTI RS <sup>(9)</sup>								11,148	243,138
2013-2015 SARs <sup>(10)</sup>		41,941		15.25	03/26/23				
<b>Lawrence R. Zingale</b>									
2008-2010 SARs <sup>(1)</sup>	4,706			17.87	01/02/18				
2009-2011 SARs <sup>(2)</sup>	13,501			19.69	01/05/19				
2010-2012 SARs <sup>(3)</sup>	14,719			23.88	03/05/20				
2011-2013 LTI PS <sup>(4)</sup>								14,402	314,108
2011-2013 SARs <sup>(5)</sup>	15,782	7,890		18.67	03/07/21				

Edgar Filing: SYKES ENTERPRISES INC - Form DEF 14A

2012-2014 LTI PS <sup>(6)</sup>				19,534	426,037
2012-2014 SARs <sup>(7)</sup>	19,144	15.21	03/21/22		
2013-2015 LTI PS <sup>(8)</sup>				35,541	775,149
2013-2015 LTI RS <sup>(9)</sup>				10,492	228,831
2013-2015 SARs <sup>(10)</sup>	39,474	15.25	03/26/23		
<b>James T. Holder</b>					
2010-2012 SARs <sup>(3)</sup>	6,170	23.88	03/05/20		
2011-2013 LTI PS <sup>(4)</sup>				6,006	130,991
2011-2013 SARs <sup>(5)</sup>	3,290	18.67	03/07/21		
2012-2014 LTI PS <sup>(6)</sup>				8,146	177,664
2012-2014 SARs <sup>(7)</sup>	7,982	15.21	03/21/22		
2013-2015 LTI PS <sup>(8)</sup>				13,609	296,812
2013-2015 LTI RS <sup>(9)</sup>				4,018	87,633
2013-2015 SARs <sup>(10)</sup>	15,116	15.25	03/26/23		

<sup>(1)</sup> The figures in this row represent Stock Appreciation Rights ( SARs ) that were issued to the named executive officer in connection with the long-term incentive award for the 2008-2010 performance measurement period. The SARs vest 1/3 each year on January 2, 2009, 2010, and 2011, provided the employee is still in the employ of the Company.

**Table of Contents****COMPENSATION COMMITTEE REPORT**

- (2) The figures in this row represent SARs that were issued to the named executive officer in connection with the long-term incentive award for the 2009-2011 performance measurement period. The SARs vest 1/3 each year on January 5, 2010, 2011, and 2012, provided the employee is still in the employ of the Company.
- (3) The figures in this row represent SARs that were issued to the named executive officer in connection with the long-term incentive award for the 2010-2012 performance measurement period. The SARs vest 1/3 each year on January 5, 2011, 2012, and 2013, provided the employee is still in the employ of the Company.
- (4) The figures in this row represent performance vesting restricted shares that were issued to the named executive officer in connection with the long-term incentive award for the 2011-2013 performance measurement period. The shares vest on March 16, 2014 if the performance measures have been met, provided the employee is still in the employ of the Company.
- (5) The figures in this row represent SARs that were issued to the named executive officer in connection with the long-term incentive award for the 2011-2013 performance measurement period. The SARs vest 1/3 each year on March 7, 2012, 2013, and 2014, provided the employee is still in the employ of the Company.
- (6) The figures in this row represent performance vesting restricted shares that were issued to the named executive officer in connection with the long-term incentive award for the 2012-2014 performance measurement period. The shares vest on March 21, 2015 if the performance measures have been met, provided the employee is still in the employ of the Company.
- (7) The figures in this row represent SARs that were issued to the named executive officer in connection with the long-term incentive award for the 2012-2014 performance measurement period. The SARs vest 1/3 each year on March 21, 2013, 2014, and 2015, provided the employee is still in the employ of the Company.
- (8) The figures in this row represent performance vesting restricted shares that were issued to the named executive officer in connection with the long-term incentive award for the 2013-2015 performance measurement period. The shares vest on March 15, 2016 if the performance measures have been met, provided the employee is still in the employ of the Company.
- (9) The figures in this row represent time vesting restricted shares that were issued to the named executive officer in connection with the long-term incentive award for the 2013-2015 performance measurement period. The shares vest 1/3 each year on March 15, 2014, 2015 and 2016, provided the employee is still in the employ of the Company.
- (10) The figures in this row represent SARs that were issued to the named executive officer in connection with the long-term incentive award for the 2013-2015 performance measurement period. The SARs vest 1/3 each year on March 15, 2014, 2015, and 2016, provided the employee is still in the employ of the Company.

**Option Exercises and Stock Vested**

The following table provides information for the named executive officers on (1) SAR exercises during 2013, 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 EDC Matching Contr. <sup>(1)</sup>			751	11,986
W. Michael Kipphut EDC Matching Contr. <sup>(1)</sup>			749	11,965
2006 SARS	5,847	118,577		
2007 SARS	2,485	50,395		
2008 SARS	2,432	49,320		
2009 SARS	2,181	47,022		
2011 SARS	1,447	29,345		
2012 SARS	2,764	56,053		
Christopher M. Carrington EDC Matching Contr. <sup>(1)</sup>				
Lawrence R. Zingale EDC Matching Contr. <sup>(1)</sup>			1,916	30,712
2012 SARS	2,393	48,530		

James T. Holder				
EDC Matching Contr. <sup>(1)</sup>			687	11,974
2008 SARS	270	5,475		
2009 SARS	490	10,564		
2011 SARS	522	10,586		
2012 SARS	997	20,219		

<sup>(1)</sup> 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, 2013.

## Pension Benefits

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

Table of Contents

## COMPENSATION COMMITTEE REPORT

**Nonqualified Deferred Compensation**

Pursuant to the Company's Executive Deferred Compensation 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, 2013, as reported by the Compensation Committee of the Plan.

Name of Fund	Rate of Return	Name of Fund	Rate of Return
Vanguard Prime Money Market Investor Fund	.02%	Goldman Sachs Mid Cap Value A Fund	32.43%
Prudential Total Return Bond A Fund	-1.17%	Principal MidCap S&P 40-0 Index R3 Fund	32.41%
PIMCO Real Return A Fund	-9.41%	Goldman Sachs Small Cap Value A Fund	38.28%
Janus Balanced S Fund	19.28%	Principal SmallCap S&P 600 Index R3 Fund	15.54%
John Hancock Disciplined Value A Fund	35.51%	MFS New Discovery R3 Fund	40.15%
Principal LargeCap S&P 500 Index R3 Fund	31.40%	Manning & Napier World Opp. A Fund	18.78%
MainStay Large Cap Growth R2 Fund	36.44%		

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, Executive 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 CEO determines to be in violation of any non-compete agreement between the participant and the Company.

The following table shows information regarding contributions by the named executive officers, the Company's matching contributions, aggregate earnings on contributions during fiscal year 2013, and the aggregate balance at year end. There were no distributions from the plan to named executive officers during fiscal year 2013.

(a) (b) (c) (d) (e) (f)

Edgar Filing: SYKES ENTERPRISES INC - Form DEF 14A

Name	Executive Contributions in Last	Company Contribution in Last	Aggregate Earnings in Last	Aggregate Withdrawals/ Distributions	Aggregate Balance at Last Fiscal Year End <sup>(3)</sup>
	Fiscal Year <sup>(1)</sup>	Fiscal Year <sup>(2)</sup>	Fiscal Year		
	(\$)	(\$)	(\$)	(\$)	(\$)
Charles E. Sykes	54,687	11,986	75,921		455,005
W. Michael Kipphut	35,806	11,964	74,890		615,808
Christopher M. Carrington					
Lawrence R. Zingale	32,000	11,970	74,555		333,248
James T. Holder	24,507	11,975	100,620		427,660

<sup>(1)</sup> The amounts shown are included in the amounts of *salary* in column (c) of the Summary Compensation Table.

<sup>(2)</sup> The amounts shown are included in the amounts of *Other Compensation* in column (i) of the Summary Compensation Table.

<sup>(3)</sup> The amounts shown include 100% of the aggregate executive and Company contributions which have all been reported in the Summary Compensation Table.



**Table of Contents****COMPENSATION COMMITTEE REPORT****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, 2013:

	(a)	(b)	(c)
	Number of Securities to be Issued Upon Exercise of Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by shareholders <sup>(1)</sup>	202,098		3,838,981
Equity compensation plans not approved by shareholders	108,339 <sup>(2)</sup>		N/A <sup>(2)</sup>
<b>Totals</b>	<b>310,437</b>		<b>3,838,981</b>

<sup>(1)</sup> Includes shares of common stock of Sykes authorized for awards under the 2001 Equity Incentive Plan, the 2011 Equity Incentive Plan and the 2004 Non-Employee Director Fee Plan.

<sup>(2)</sup> 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 Nonqualified 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 26 of

our consolidated financial statements in the Annual Report on Form 10-K for the year ended December 31, 2013 filed on February 20, 2014 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, 2013, 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 any of Messrs. Sykes, Kipphut, Carrington or Zingale is terminated by the Company 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.

Messrs. Carrington and Zingale 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 he is then participating.

**Table of Contents****COMPENSATION COMMITTEE REPORT**

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 Mr. Holder for any reason other than death, disability or cause, he will be entitled to receive an amount equal to his 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 Messrs. Sykes, Kipphut, Carrington and Zingale which contain

change of control payment provisions. Pursuant to these provisions, if any of Messrs. Sykes, Kipphut, Carrington or Zingale terminates his 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," he will receive the following benefits:

**Mr. Sykes.** Mr. Sykes will be entitled to receive an amount equal to three times his then current 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. 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.

**Mr. Kipphut.** Mr. Kipphut will be entitled to receive an amount equal to two times his then current 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. 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.

**Messrs. Carrington and Zingale.** Each of Messrs. Carrington and Zingale will be entitled to receive an amount equal to two times his then current annual base salary, plus an amount determined by multiplying the annual target bonus designated or otherwise indicated for him in the year such change of control occurs by a factor of two. The target bonus amount is to be determined under the performance-based bonus plan in which he 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 his option.

## Edgar Filing: SYKES ENTERPRISES INC - Form DEF 14A

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

SYKES ENTERPRISES, INCORPORATED | 2014 Proxy Statement 37

**Table of Contents****COMPENSATION COMMITTEE REPORT**

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.

**Mr. Holder.** Mr. Holder does not have change of control provisions in his employment agreement, 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 his option 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 CEO, as if such termination had occurred on December 31, 2013:

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	1,250,000	1,875,000		1,250,000	1,875,000
Bonus Payment		1,875,000			1,875,000
Stock Grants Vesting Acceleration		9,169,426			9,169,426
Stock Option Vesting Acceleration		1,981,420			1,981,420
Deferred Compensation Vesting Acceleration					
Payment for Taxes Resulting from Deferred Compensation Distribution		171,292			171,292
Total	1,250,000	15,072,138		1,250,000	15,072,138

**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 Executive Vice President and CFO, as if such termination had occurred on December 31, 2013:

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 (\$)
	(\$)	(\$)	(\$)	(\$)	(\$)

Edgar Filing: SYKES ENTERPRISES INC - Form DEF 14A

	(\$)			
Severance Pay	424,298	848,596	424,298	848,596
Bonus Payment	445,513	594,016	445,512	594,017
Stock Grants Vesting Acceleration		2,988,406		2,988,406
Stock Option Vesting Acceleration		449,241		449,241
Deferred Compensation Vesting Acceleration				
Payment for Taxes Resulting from Deferred Compensation Distribution		231,829		231,829
Total	869,811	5,112,088	869,810	5,112,089

38 SYKES ENTERPRISES, INCORPORATED i 2014 Proxy Statement

**Table of Contents****COMPENSATION COMMITTEE REPORT****Christopher M. Carrington**

The following table shows the potential payments upon termination or a change of control of the Company for Christopher M. Carrington, the Company's Executive Vice President of Global Delivery, as if such termination had occurred on December 31, 2013:

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	425,000	850,000		425,000	850,000
Bonus Payment	446,250	892,500		446,250	892,500
Stock Grants Vesting Acceleration		1,458,784			1,458,784
Stock Option Vesting Acceleration		275,133			275,133
Deferred Compensation Vesting Acceleration					
Payment for Taxes Resulting from Deferred Compensation Distribution					
<b>Total</b>	<b>871,250</b>	<b>3,476,417</b>		<b>871,250</b>	<b>3,476,417</b>

**Lawrence R. Zingale**

The following table shows the potential payments upon termination or a change of control of the Company for Lawrence R. Zingale, the Company's Executive Vice President and General Manager, Major Markets, as if such termination had occurred on December 31, 2013:

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		400,000	800,000
Bonus Payment	420,000	840,000		420,000	840,000
Stock Grants Vesting Acceleration		2,699,315			2,699,315
Stock Option Vesting Acceleration		506,794			506,794
Deferred Compensation Vesting Acceleration					
Payment for Taxes Resulting from Deferred Compensation Distribution		119,842			119,842
<b>Total</b>	<b>820,000</b>	<b>4,965,951</b>		<b>820,000</b>	<b>4,965,951</b>

**Table of Contents****COMPENSATION COMMITTEE REPORT****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 Executive Vice President, General Counsel and Corporate Secretary, as if such termination had occurred on December 31, 2013:

Type of Benefit	Company Initiated		Executive Initiated	
	Before Change in Control w/o Cause or for Good Reason	After Change in Control w/o Cause or for Good Reason	Voluntary Termination	Change in Control
	(\$)	(\$)	(\$)	(\$)
Severance Pay	306,347	306,347		
Bonus Payment				
Stock Grants Vesting Acceleration		1,078,897		1,078,897
Stock Option Vesting Acceleration		162,173		162,173
Deferred Compensation Vesting Acceleration				
Payment for Taxes Resulting from Deferred Compensation Distribution		160,998		160,998
Total	306,347	1,708,415		1,402,068

**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 CEO 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 was originally set at \$550,000, subject to increase at the Company's discretion. Most recently, on March 7, 2011 the Compensation Committee of the Board increased Mr. Sykes' annual base salary to \$625,000. 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



## Edgar Filing: SYKES ENTERPRISES INC - Form DEF 14A

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

**Table of Contents****COMPENSATION COMMITTEE REPORT**

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.

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 provides that 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 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.

**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 Executive Vice President - Finance and CFO. 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 was originally set at \$400,000, subject to increase at the Company's discretion. Most recently, on December 7, 2011, and effective on February 29, 2012, upon the recommendation of the

Compensation Committee, the Board of Directors increased Mr. Kipphut's annual base salary to \$424,298. 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.

**Table of Contents****COMPENSATION COMMITTEE REPORT**

Good reason for Mr. Kipphut's termination of the agreement is defined in the agreement as: (i) a change of control of the Company (as defined in the agreement), (ii) a good faith determination by Mr. Kipphut that the Company has breached the employment agreement, (iii) a material adverse change in working conditions or status, (iv) the deletion of, or change in, any of the titles of Senior Vice President and CFO, (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.

**Christopher M. Carrington.** The Company and Mr. Carrington are parties to an employment agreement, dated September 13, 2012, the material terms and conditions of which are summarized below. The employment agreement provides that Mr. Carrington will serve as an executive of the Company. Mr. Carrington has been appointed as Executive Vice President of Global Delivery. The agreement will continue until terminated by one of the parties. Under the agreement, Mr. Carrington's annual base salary is to be not less than \$425,000. In addition, for the period ending December 31, 2012, Mr. Carrington will be entitled to (i) a bonus determined by the full year performance of the Alpine Access business unit 2012 EBITDA performance, under the Executive's previous employment contract with Alpine Access, as in effect immediately prior to its acquisition by the Company on August 20, 2012, which entitles him to receive a bonus of up to 150% of his base salary which amount will be equal to the product of (A) 6% and (B) the Alpine Access business unit's EBITDA, adjusted to exclude all activities resulting from legacy Sykes, for the time period from January 1, 2012 through December 31, 2012, and (ii) standard fringe benefits provided to other executive officers. Effective January 1, 2013, Mr. Carrington will be entitled to (x) participate in a performance-based bonus program ranging from 0% to 70% of his base salary, (y) annual grants under the Company's long-term incentive plan with a target award of 140% of base salary, and (z) standard fringe benefits provided to other executive officers.

If the agreement is terminated by the Company for any reason other than death, disability, or cause (as defined in the

agreement), or if the agreement is terminated by Mr. Carrington for good reason (as defined below), the Company is required to pay Mr. Carrington 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. Carrington is then participating. If the agreement is terminated by Mr. Carrington within 24 months after a change in control of the Company (as defined in the agreement), the Company is required to pay Mr. Carrington 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. Carrington 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. Carrington is then participating. Except as provided below, the foregoing amounts are to be paid biweekly in equal installments over 52 weeks (or 104 weeks if a change in control was involved), commencing immediately upon his separation from service. If Mr. Carrington 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. Carrington for Good Cause 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. Carrington.

Good reason for Mr. Carrington's termination of the agreement is defined in the agreement as: (i) the Company's breach of the employment agreement, (ii) a material adverse change in working conditions, duties or status, (iii) a significant geographic relocation of Mr. Carrington's principal office, other than a relocation from Denver, Colorado, to Tampa, Florida, or (iv) a change in reporting such that Mr. Carrington is

required to report to someone other than the CEO.

**Table of Contents****COMPENSATION COMMITTEE REPORT**

The agreement provides that if Mr. Carrington's employment is terminated by the Company due to his death, disability or for cause, or voluntarily by Mr. Carrington 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. Carrington 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.

**Lawrence R. Zingale.** The Company and Mr. Zingale are parties to an employment agreement, dated September 13, 2012, the material terms and conditions of which are summarized below. The employment agreement replaced the Amended and Restated Employment Agreement between the Company and Mr. Zingale, dated as of December 29, 2008.

The employment agreement provides that Mr. Zingale will serve as an executive of the Company. Mr. Zingale currently serves as Executive Vice President and General Manager of Major Markets. The agreement will continue until terminated by one of the parties. Under the agreement, Mr. Zingale's annual base salary is to be not less than \$400,000, and he is entitled to (i) participate in a performance-based bonus program ranging from 0% to 70% of his base salary, (ii) annual grants under the Company's long-term incentive plan with a target award of 140% of base salary, and (iii) standard fringe benefits provided to other executive officers.

If the agreement is terminated by the Company for any reason other than death, disability, or cause (as defined in the agreement), or if the agreement is terminated by Mr. Zingale for good reason (as defined below), the Company is required to pay Mr. Zingale 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. Zingale is then participating. If the agreement is terminated by Mr. Zingale within 24 months after a change in control of the Company (as defined in the agreement), the Company is required to pay Mr. Zingale 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. Zingale 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. Zingale is then participating. Except as provided below, the foregoing amounts are to be paid biweekly in equal installments over 52 weeks (or 104 weeks if a change in control was involved), 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.

Also, in the event the agreement is terminated by Mr. Zingale for Good Cause 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. Zingale.

Good reason for Mr. Zingale's termination of the agreement is defined in the agreement as: (i) the Company's breach of the employment agreement, (ii) a material adverse change in working conditions, duties or status, (iii) a significant geographic relocation of Mr. Zingale's principal office, or (iv) a change in reporting such that Mr. Zingale is required to report to someone other than the CEO.

The agreement provides that if Mr. Zingale's employment is terminated by the Company due to his death, disability or for cause, or voluntarily by Mr. Zingale 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. Zingale 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.

## Edgar Filing: SYKES ENTERPRISES INC - Form DEF 14A

**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 Executive 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 was originally set at \$270,000, subject to increase at the Company's discretion.

SYKES ENTERPRISES, INCORPORATED | 2014 Proxy Statement 43

**Table of Contents**

**COMPENSATION COMMITTEE REPORT**

Most recently, on December 7, 2011, and effective on February 29, 2012, upon the recommendation of the Compensation Committee, the Board of Directors increased Mr. Holder's annual base salary to \$306,347. 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 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.

The agreement provides that Mr. Holder 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.



**Table of Contents**

**PROPOSAL 2: ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION**

## **PROPOSAL 2: ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION**

In accordance with Section 14A of the Securities Exchange Act of 1934, as amended (the Exchange Act ) we are providing our shareholders with the opportunity to vote to approve, on a nonbinding, advisory basis, the compensation of our named executive officers as disclosed in this proxy statement. Because the shareholder vote is advisory, it will not be binding upon the Board. However, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements.

### **Recommendation of the Board**

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPROVAL OF THE COMPANY S EXECUTIVE COMPENSATION. UNLESS OTHERWISE INDICATED ON YOUR PROXY, YOUR SHARES WILL BE VOTED FOR THE APPROVAL OF EXECUTIVE COMPENSATION.**

SYKES ENTERPRISES, INCORPORATED i 2014 Proxy Statement 45

**Table of Contents**

**PROPOSAL 3: RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

# **PROPOSAL 3: 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, 2014 and the effectiveness of the Company's internal control over financial reporting as of December 31, 2014 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 of, 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.

## **Recommendation of the Board**

**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

## AUDIT COMMITTEE DISCLOSURE

The Audit Committee is comprised of four non-employee directors and operates under a written charter adopted by the Board of Directors. The Audit Committee charter was last amended on December 4, 2013. The Board of Directors has determined that each member of the Audit Committee is independent and financially literate. The Board of directors has also determined that in addition to the accounting and other related financial management expertise held by the various members of the Audit Committee, Mr. Meurer specifically qualifies as an audit committee financial expert as that term has been defined by the Securities and Exchange Commission.

Under its charter, the Audit Committee is responsible for overseeing our accounting and financial reporting processes and audits of our financial statements. The Audit Committee is directly responsible for the appointment and oversight of our independent auditors, including review of their qualifications, independence and performance.

In accordance with rules established by the Securities and Exchange Commission, as well as the internal policies of Deloitte and Touche LLP, audit partners are subject to rotation requirements to limit the number of consecutive years and individual partner may provide service to our Company. For lead and concurring audit partners, the maximum number of consecutive years of service in that capacity is five years. The process for selection of the Company's lead audit partner pursuant to this rotation policy involves an initial meeting between the Chair of the Audit Committee and the candidate for the role, followed by a meeting of the candidate and discussions with the full Committee and with management.

Among other duties, the Audit Committee is also responsible for:

- Overseeing the integrity of our financial statements, our accounting and financial reporting processes and our systems of internal control over financial reporting.

- Overseeing our compliance with financial legal and regulatory requirements.

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, including a review and approval of the Company's internal audit plan.

Reviewing the Company's quarterly and annual earnings press releases, consolidated financial statements (including the presentation of non-GAAP financial information) and disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations (including significant accounting policies and judgments) with management, the Company's internal auditors and the Company's independent auditors.

Establishment of procedures for the receipt, retention and treatment, on a confidential basis, of any complaints we receive regarding fraud in connection with, or the integrity of, our financial reporting. Employees are encouraged to report concerns about our accounting controls, auditing matters or anything else that appears to involve financial wrongdoing.

Reviewing and discussing with the Company's independent auditors the overall scope and plans for their audit and review and approval of the terms of the engagement letter.

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.

**Table of Contents****AUDIT COMMITTEE DISCLOSURE****Service Fees Paid to the Independent Registered Public Accounting Firm**

Audit Fees represent fees for professional services provided in connection with the audit of our consolidated annual financial statements and internal control over financial reporting, as well as reviews of our quarterly financial statements and statutory audits of international subsidiaries. The Audit Committee has reviewed and approved the amount of fees paid to Deloitte & Touche LLP for audit and audit related services. 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, 2013 and December 31, 2012 were as follows:

	2013	2012
	(\$)	(\$)
Audit Fees <sup>(1)</sup>	2,477,250	2,647,195
Audit-Related Fees <sup>(2)</sup>	4,000	24,310
All Other Fees <sup>(3)</sup>		9,414

<sup>(1)</sup> Fees for audit services in 2013 and 2012 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.

<sup>(2)</sup> Fees for audit-related services in 2013 and 2012 included the Company's subscription to accounting research tools. Fees for audit related services in 2012 principally included due diligence services in connection with the acquisition of Alpine Access, Inc.

<sup>(3)</sup> All Other Fees in 2012 principally included assistance with responding to an SEC comment letter.

Table of Contents

REPORT OF THE AUDIT COMMITTEE

## REPORT OF THE AUDIT COMMITTEE

In connection with the financial statements for the fiscal year ended December 31, 2013, 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 Auditing Standard No. 16, Communications with Audit Committees, issued by the PCAOB, 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 Auditor's independence.

In determining whether to reappoint Deloitte & Touche LLP as the Company's independent auditor, the Audit Committee took into consideration a number of factors, including:

the length of time the firm has been engaged by the Company and its familiarity with our global operations and business, accounting policies and practices and internal control over financial reporting

the quality of the Audit Committee's ongoing discussions with Deloitte & Touche LLP and an assessment of the professional qualifications and past performance of the lead audit partner  
external data relating to audit quality and performance, including recent PCAOB reports on Deloitte & Touche LLP and its peers  
Based upon these evaluations, the Audit Committee recommended to the Board at the February 14, 2014 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, 2013 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 14, 2014

*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.*



**Table of Contents****SECURITY OWNERSHIP****SECURITY OWNERSHIP**

The following table sets forth the beneficial ownership of the Company's common stock as of April 1, 2014, for each director and nominee for 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	Shareholders	Common Stock Vesting at the 2014 Meeting	Options Currently Exercisable or Exercisable within 60 days	Stock-Settled Stock Appreciation Rights Vested and Vesting within 60 days	Total Stock and Based Holdings	Percent of Total Outstanding Stock
Lt. Gen. Michael DeLong (Ret)	30,882					30,882	*
Lorraine L. Lutton	400					400	*
Iain Macdonald	32,017					32,017	*
James S. MacLeod <sup>(1)</sup>	37,497					37,497	*
William J. Meurer	61,866					61,866	*
William D. Muir, Jr.							*
James K. Murray, Jr. <sup>(2)</sup>	16,779					16,779	*
Charles E. Sykes <sup>(3)</sup>	550,698					550,698	1.3%
Paul L. Whiting <sup>(4)</sup>	60,530					60,530	*
W. Michael Kippnut <sup>(5)</sup>	118,771					118,771	*
Christopher M. Carrington <sup>(6)</sup>	117,462					117,462	*
Lawrence R. Zingale <sup>(7)</sup>	172,008					172,008	*
James T. Holder <sup>(8)</sup>	64,440					64,440	*
Others	181,133					181,133	*
All directors and executive officers as a group	1,444,483	persons				1,444,483	3.3%

\* Less than 1.0%

<sup>(1)</sup> Includes 2,500 shares held by Mr. MacLeod in an IRA.

<sup>(2)</sup> Excludes 1,000 shares held by a family member in which Mr. Murray disclaims beneficial ownership. Includes shares held by Murray Corporation and Murray Advisors, Inc., of which Mr. Murray is a beneficial owner.

<sup>(3)</sup> Includes 460,811 shares of restricted stock issued as part of the various equity-based, long-term incentive awards and 6,948 vested shares as part of the Deferred Compensation Plan.

<sup>(4)</sup> Includes 43,900 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.

<sup>(5)</sup> Includes 102,119 shares of restricted stock issued as part of the various equity-based, long-term incentive awards and 11,967 vested shares as part of the Deferred Compensation Plan.

<sup>(6)</sup> Includes 114,763 shares of restricted stock issued as part of the various equity-based, long-term incentive awards.

<sup>(7)</sup> Includes 130,552 shares of restricted stock issued as part of the various equity-based, long-term incentive awards and 4,515 vested shares as part of the Deferred Compensation Plan.

<sup>(8)</sup> Includes 50,762 shares of restricted stock issued as part of the various equity-based, long-term incentive awards and 5,960 vested shares as part of the Deferred Compensation Plan.



**Table of Contents****SECURITY OWNERSHIP****Security Ownership of Certain Beneficial Owners**

As of April 1, 2014, 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 of more than 5% of the Company's common stock.

Name	Amount and Nature of Beneficial Ownership Common Stock	
	Shares	Percent
BlackRock, Inc. <sup>(1)</sup> 40 East 52 <sup>nd</sup> Street New York, New York, 10022	3,472,637	7.9%
John H. Sykes <sup>(2)</sup> 4201 Jim Walter Boulevard Tampa, Florida 33607	3,043,675	6.9%
River Road Asset Management, LLC <sup>(3)</sup> 462 S. 4 <sup>th</sup> St., Ste. 1600 Louisville, KY 40202	2,466,641	5.6%
The Vanguard Group, Inc. <sup>(4)</sup> 100 Vanguard Blvd. Malvern, PA 19355	2,390,687	5.4%

<sup>(1)</sup> All information is based upon the Schedule 13G filed with the Security and Exchange Commission by BlackRock, Inc. ( BlackRock ) on January 30, 2014. BlackRock is a parent holding company or control person in accordance with Rule 13d-1(b)(1)(iii) (G).

<sup>(2)</sup> All information is based upon the Schedule 13G filed with the Security and Exchange Commission by Mr. John H. Sykes on April 1, 2014. Mr. Sykes is the beneficial owner of these shares which are owned by Mr. Sykes through Jopar Investments Limited Partnership, a North Carolina limited partnership ( Jopar ). Mr. Sykes is the sole limited partner of Jopar and owns all of the outstanding capital stock of Jopar's sole general partner, Jopar Investments, Inc., a North Carolina corporation. The amount of shares shown excludes 7,950 shares owned by Mr. Sykes' wife, as to which Mr. Sykes disclaims beneficial ownership.

<sup>(3)</sup> All information is based upon the Schedule 13G filed with the Security and Exchange Commission by River Road Asset Management, LLC ( River Road ) on February 12, 2014. River Road is a registered investment adviser in accordance with section 240 of the Investment Advisers Act of 1940.

<sup>(4)</sup> All information is based upon the Schedule 13G filed with the Security and Exchange Commission by The Vanguard Group, Inc. ( Vanguard ) on February 12, 2014. Vanguard is a registered investment adviser in accordance with section 240 of the Investment Advisers Act of 1940.

**SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

## Edgar Filing: SYKES ENTERPRISES INC - Form DEF 14A

During the year ended December 31, 2013, 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.

SYKES ENTERPRISES, INCORPORATED *ï* 2014 Proxy Statement 51

**Table of Contents**

**SECURITY OWNERSHIP**

**REQUIREMENTS, INCLUDING DEADLINES, FOR SUBMISSION OF PROXY PROPOSALS AND NOMINATION OF DIRECTORS**

Under the rules of the SEC and our Bylaws, if a shareholder wants to nominate a person to stand for election as a director at our 2015 Annual Meeting of Shareholders or introduce an item of business at an Annual Meeting of Shareholders and have us include such proposal in our proxy statement and form of proxy for presentation at our 2014 Annual Meeting of Shareholders, the nomination or proposal must be received by us at our principal executive offices at 400 North Ashley Drive, Tampa, Florida 33602, by December 18, 2014. The nomination or proposal should be sent to the attention of the Secretary of the Company.

Under our Bylaws, a shareholder must follow certain procedures to nominate persons for election as directors or to introduce an item of business at an Annual Meeting of Shareholders.

The procedures for nominating a director are described above under the heading Corporate Governance Nominations for Directors.

The procedures for introducing an item of business at the Annual Meeting include providing a written notice of each proposed item of business that must include:

- (a) a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting,
- (b) the name and address, as they appear on the Company's stock books, of the shareholders proposing such business,
- (c) the class and number of shares of the Company which are beneficially owned by the shareholder,
- (d) any material interest of the shareholder in such business, and
- (e) the same information required by clauses (b), (c) and (d) above with respect to any other shareholder that, to the knowledge of the shareholder proposing such business, supports such proposal.

**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*

52 SYKES ENTERPRISES, INCORPORATED *ï* 2014 Proxy Statement



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

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

Signature of Shareholder

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

Signature of Shareholder

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**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.**