

COMPANY PROFILE

Sykes Enterprises, Incorporated

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COMPANY OVERVIEW

Sykes Enterprise (Sykes) is a provider of outsourced customer contact management solutions and services in the business process outsourcing (BPO) arena. The company offers customer management solutions to the medium sized businesses, and public institutions, primarily in the communications, technology and consumer, financial services, healthcare, and transportation and leisure industries. The company primarily operates in the Americas, Europe and Asia. It is headquartered in Tampa, Florida, and employs around 41,000 people.

The company recorded revenues of \$1,169.3 million in the fiscal year ended December 2011, an increase of 4.2% over 2010. The company's operating profit was \$65.5 million in fiscal 2011, an increase of 72.5% over 2010. Its net profit was \$48.3 million in fiscal 2011, as compared to the net loss of \$10.3 million in 2010.

KEY FACTS

Head Office	Sykes Enterprises, Incorporated 400 North Ashley Drive Suite 2800 Tampa Florida 33602 USA
Phone	1 813 274 1000
Fax	
Web Address	http://www.sykes.com
Revenue / turnover (USD Mn)	1,169.2
Financial Year End	December
Employees	41,000
NASDAQ Ticker	SYKE

BUSINESS DESCRIPTION

Sykes Enterprises (Sykes) provides outsourced customer contact management solutions and services in the business process outsourcing (BPO) arena to companies, primarily within the communications, financial services, healthcare, technology and consumer, and transportation and leisure industries. The company, with customer contact management centers, provides its services through a range of communication channels, including phone, e-mail, web and chat.

The company's customer contact management services are provided through two operating segments: the Americas and EMEA. The Americas region includes the US, Canada, Latin America, Australia and the Asia Pacific Rim. The sites within Latin America and the Asia Pacific Rim are included in the Americas region as they provide a service delivery vehicle for US-based companies that are utilizing the company's customer contact management solutions in these locations to support their customer care needs. The EMEA region includes Europe, the Middle East and Africa.

The company's outsourced customer contact management services include: customer care, technical support and acquisition.

Customer care contacts primarily include product information requests, describing product features, activating customer accounts, resolving complaints, cross-selling/up-selling, handling billing inquiries, changing addresses, claims handling, ordering/reservations, prequalification and warranty management, providing health information and roadside assistance.

The company's technical support contacts primarily includes handling inquiries regarding hardware, software, communications services, communications equipment, Internet access technology and Internet portal usage.

The company's acquisition services are primarily focused on inbound up-selling of its client's products and services.

The company provides these services, primarily inbound customer calls, through its global network of customer contact management centers in a multitude of languages.

In Europe, the company offers fulfillment services that are integrated with its customer care and technical support services.

Its fulfillment solutions include multilingual sales order processing through the Internet and phone, payment processing, inventory control, product delivery and product returns handling.

In the US, the company provides a range of enterprise support services including technical staffing services and outsourced corporate help desk solutions.

The company operates across 23 countries in 77 customer contact management centers (excluding Spain), which breakdown as follows: 19 centers across Europe, Egypt and South Africa, 26 centers in the US, 10 centers in Canada, three centers in Australia and 19 centers offshore, including The Peoples Republic of China, The Philippines, Costa Rica, El Salvador, India, Mexico and Brazil.

The company currently has two fulfillment centers located in Europe. The company's two enterprise support services offices are located in metropolitan areas in the US to provide a recruiting platform for high-end knowledge workers and to establish a local presence to service major accounts.

The company's subsidiaries include Sykes Latin America, Sykes Enterprises Denmark, Sykes Enterprises GmbH, Sykes Central Europe, Sykes Enterprises (India), McQueen International, Sykes Datasvar Support, Sykes Enterprises Incorporated Holdings, Sykes Realty, ICT Enterprises, and Sykes Netherlands.

HISTORY

Sykes Enterprises (Sykes) was founded in 1977, as an engineering firm with three employees based in Charlotte, North Carolina.

Sykes' business splitted into two separate divisions by 1984: Technical Services and Information Services.

The company began expansion across the US during the late 1980s. During the same period, the company started operations in Texas, Colorado and New York.

In 1992, Sykes entered the customer support business, when it made a couple of acquisitions. In the same year, the company acquired Jones Technologies and Forrest Ford Consultants. In the next year, the company moved its headquarters to Florida.

The completed its initial public offering (IPO) and was listed on the NASDAQ Stock Exchange in 1996. In the same year, the company purchased Datasvar Support of Sweden and DiagSoft. Also the same year, the company changed its state of incorporation from North Carolina to Florida.

In 1997, Sykes acquired Info Systems, Telcare, Traffic, TAS Telemarketing and McQueen International. In the following year, the company acquired The Oracle Assistance Group.

Sykes continued to develop its international operations, with the expansion of operations, in China, India and Philippines in 2000. In the same year, the company made a number of asset disposals. Also in the same year, the company sold its US fulfillment and distribution business, as well as its worldwide localization operations and SHPS, a healthcare services business.

In 2005, the company acquired the shares of Kelly, Luttmer & Associates Limited (KLA) located in Calgary, Alberta, Canada.

The company acquired Argentinian-based Centro de Interaccion Multimedia (Apex) in 2006 for approximately \$27 million. In the same year, the company sold four of its US customer contact management centers.

In 2008, the company expanded its global footprint with a new contact center in Odense, Denmark. In the same year, Sykes expanded its operations with the opening of a new 250-seat center in Brazil.

In 2009, the company entered into an agreement to acquire ICT Group Inc (ICTG), a global provider of customer management and business process outsourcing (BPO) solutions.

In 2010, Sykes completed the acquisition of ICT Group (ICT), a global provider of outsourced customer management and BPO solutions.

Sykes expanded its global delivery footprint with the initial opening of a new 200-seat center in Cairo, Egypt in 2010.

Also in 2010, Sykes opened a new center in Cluj, Romania, with an existing global consumer product and technology client that it currently supports worldwide.

In 2010, the company committed to a plan and sold its Argentine operations, pursuant to stock purchase agreements.

The company sold its Spanish subsidiary Sykes Enterprises, Incorporated S.L. (Sykes Spain), in March 2012.

In September 2012, Sykes appointed Mr. Christopher M. Carrington as the Executive Vice President of Global Delivery.

KEY EMPLOYEES

Name	Job Title	Board	Compensation
Charles E Sykes	President and Chief Executive Officer	Executive Board	3014183 USD
Paul L Whiting	Chairman	Non Executive Board	
Mark C Bozek	Director	Non Executive Board	
Michael P DeLong	Director	Non Executive Board	
H Parks Helms	Director	Non Executive Board	
James K Murray	Director	Non Executive Board	
William J Meurer	Director	Non Executive Board	
Iain A Macdonald	Director	Non Executive Board	
Linda McClintock-Greco	Director	Non Executive Board	
James S MacLeod	Director	Non Executive Board	
W Michael Kipphut	Executive Vice President and Chief Financial Officer	Senior Management	1266262 USD
David L Pearson	Executive Vice President and Chief Information Officer	Senior Management	
Jenna R Nelson	Executive Vice President, Global Human Resources	Senior Management	
Daniel L Hernandez	Executive Vice President, Global Strategy	Senior Management	
Lawrence Zingale	Executive Vice President, Global Sales and Client Management	Senior Management	1086721 USD
James T Holder	Executive Vice President, General Counsel and Corporate Secretary	Senior Management	644689 USD
Christopher M Carrington	Executive Vice President, Global Delivery	Senior Management	

KEY EMPLOYEE BIOGRAPHIES

Charles E Sykes

Board: Executive Board
Job Title: President and Chief Executive Officer
Since: 2004
Age: 49

Mr. Sykes has been the President and Chief Executive Officer at Sykes Enterprises (Sykes) since 2004. He joined the company in 1986 and has served in numerous capacities throughout his years at company. Mr. Charles Sykes was appointed as the Vice President of Sales for North America in 1999 and from 2000 to 2003, as the Group Executive, Senior Vice President of Marketing and Global Alliances, and Senior Vice President of Global Operations at company. Mr. Sykes was appointed President and Chief Operating Officer in 2003. He serves on a number of community and charitable organizations, including the Board of Directors at America's Second Harvest of Tampa (a community food bank), Vice Chair of the Board of Directors at Tampa Chamber of Commerce, the Tampa Bay Partnership Council of Governors, the Board of Trustees for the University of Tampa, and a member of the Board of Directors at A Baseball Community Inc. Mr. Sykes received his Bachelor of Science degree in Mechanical Engineering from North Carolina State University in 1985.

Paul L Whiting

Board: Non Executive Board
Job Title: Chairman
Since: 2004
Age: 68

Mr. Whiting has been the Chairman at Sykes since 2004. He has been a Director at company since 2003. Mr. Whiting has been the President at Seabreeze Holdings, a privately held consulting and investment company, since 1997. From 1991 to 1996, Mr. Whiting held various positions at Spalding & Evenflo Companies, including Chief Executive Officer. Presently, serves as on Boards at TECO Energy, Florida Investment Advisors, and The Bank of Tampa and its holding company, The Tampa Banking Co. Mr. Whiting also serves on the Boards at various civic organizations, including, among others, the Academy Prep Center of Tampa, a full scholarship, private, college preparatory middle school for low-income children, where he is the Board President.

Mark C Bozek

Board: Non Executive Board
Job Title: Director
Since: 2003

Age: 52

Mr. Bozek has been a Director at Sykes since 2003. He is a Member at the company. Mr. Bozek also serves as the President at Galgos Entertainment, a privately held film production company, which he founded in 2003. From 1997 to 2003, he served as the Chief Executive Officer at HSN and from 1993 to 1996, as the Vice President at Broadcasting for QVC.

Michael P DeLong

Board: Non Executive Board
Job Title: Director
Since: 2003
Age: 66

Mr. DeLong has been a Director at Sykes since 2003. He has been the Vice Chairman at Shaw Arabia, President at Shaw CentCom Services, and Senior Vice President at Shaw Group since 2003. Mr. DeLong was named as the President at Boeing Middle East in 2008. From 1967 until his retirement in 2003, he led a distinguished military career, most recently serving as the Deputy Commander, United States Central Command at Mac Dill Air Force Base, Tampa, Florida. Mr. DeLong received a Master's Degree in Industrial Management from Central Michigan University and an honorary Doctorate in Strategic Intelligence from the Joint Military Intelligence College and graduated from the Naval Academy as an Engineer.

H Parks Helms

Board: Non Executive Board
Job Title: Director
Since: 1977
Age: 76

Mr. Helms has been a Director at Sykes since 1977. He serves as the President and Managing Partner of the law firm at Helms, Henderson & Associates. Mr. Helms held numerous political appointments and elected positions, including as a Member at North Carolina House of Representatives. He is the Chairman of the Mecklenburg County, North Carolina Board of County Commissioners.

James K Murray

Board: Non Executive Board
Job Title: Director
Since: 2005
Age: 76

Mr. Murray has been a Director at Sykes since 2005. He serves as the Chairman at Murray Corporation, a private venture capital enterprise based in Tampa, Florida. In 1970, Mr. Murray was one of the founders at company that is today HealthPlan Services and PlanVista, which was acquired by The Dun & Bradstreet Corporation in 1978. From 1978 to 1993, he served in various capacities at Dun & Bradstreet Corporation, including President at Dun & Bradstreet Credit Services, and from 1990 to 1993, served in various capacities including President, principal executive officer and Chairman at Reuben H. Donnelley Corp., a publisher of telephone yellow pages. Mr. Murray retired from HealthPlan Services in 2000.

William J Meurer

Board: Non Executive Board
Job Title: Director
Since: 2000
Age: 68

Mr. Meurer has been a Director at Sykes since 2000. Prior to this, he was employed for 35 years at Arthur Andersen, where Mr. Meurer served as the Managing Partner at Arthur Andersen's Central Florida operations. Since retiring from Arthur Andersen in 2000, he has been a Private Investor and Consultant. Mr. Meurer serves on the Board of Trustees at Saint Joseph's Baptist Health Care and as a Member of the Board of Directors at the Heritage Family of Funds and Walter Investment Management Corporation.

Iain A Macdonald

Board: Non Executive Board
Job Title: Director
Since: 2004
Age: 67

Mr. Macdonald has been a Director at Sykes since 2004. He also served as a Director at company, from 1998 to 2001. Mr. Macdonald is the Chairman at Yakara, a developer of SMS software solutions and Realise, an internet systems integrator, both of which are located in Scotland. He serves on the Boards at Northern AIM VCT, a Scottish venture capital investment fund and the Dunedin Canmore Housing Association. Prior to joining the company's Board in 1998, Mr. Macdonald served as a Director at McQueen International from 1996 until its acquisition by the company.

Linda McClintock-Greco

Board: Non Executive Board
Job Title: Director
Since: 1998
Age: 57

Ms. McClintock-Greco has been a Director at Sykes since 1998. She is the Medical Director and President at Age-Less Medicine; a concept focusing on quality of life medicine. From 1998 to 2005, Ms. McClintock-Greco served as the President and Chief Executive Officer at Greco & Assoc. Consulting, a healthcare consulting firm, and in that capacity served as the Vice President of Medical Affairs at Entrusted Healthcare Management Services for the State of Florida. Until 1998, she served as the Chief Executive Officer and Chief Medical Officer at Tampa General HealthPlan (HealthEase) and spent the past 11 years in the health care industry as both a private practitioner in Texas and a managed care executive serving as the Regional Medical Director at Humana Health Care Plan. Ms. McClintock-Greco also serves on the Board at several charitable organizations.

James S MacLeod

Board: Non Executive Board
Job Title: Director
Since: 2005
Age: 64

Mr. MacLeod has been a Director at Sykes since 2005. He served as the Managing Director at CoastalStates Bank in Hilton Head Island, South Carolina since 2004. Mr. MacLeod serves on the Board of Directors at CoastalStates Bank and CoastalSouth Bancshares, its holding company. He held various positions at Mortgage Guaranty Insurance Corp in Milwaukee, Wisconsin, from 1982 to 2004, the last 7 years serving as its Executive Vice President. Mr. MacLeod is a Trustee at the University of Tampa, Hilton Head Preparatory School and the Allianz Funds. He received a Bachelor's of Science Degree in Economics from the University of Tampa, a Master's of Science in Real Estate and Urban Affairs from Georgia State University and a Master's in City Planning from the Georgia Institute of Technology.

W Michael Kipphut

Board: Senior Management
Job Title: Executive Vice President and Chief Financial Officer
Since: 2010
Age: 58

Mr. Kipphut has been the Executive Vice President and Chief Financial Officer at Sykes since 2010. He was the Senior Vice President and Chief Financial Officer at Sykes in 2001. He joined the company in 2000 as the Vice President and Chief Financial Officer. Prior to joining Sykes, Mr. Kipphut was employed at USA Floral Products, a publicly held worldwide perishable products distributor, where he served as the Chief Financial Officer since 1998. Prior to USA Floral, he served as the Vice President and Treasurer at Spalding & Evenflo Companies, a global manufacturer of consumer products. Prior to Spalding, Mr. Kipphut held various positions during his 17 years at Tyler Corporation, a publicly held diversified holding company, most recently serving as the Vice President and Treasurer. Mr. Kipphut is a Certified Public Accountant.

David L Pearson

Board: Senior Management
Job Title: Executive Vice President and Chief Information Officer
Since: 2010
Age: 53

Mr. Pearson has been the Executive Vice President and Chief Information Officer at Sykes since 2010. He was the Senior Vice President and Chief Information Officer at Sykes in 2004. He joined at SYKES in 1997 as the Vice President of Engineering, and was named as the Vice President of Technology Systems Management in 2000. Prior to his career at SYKES, Mr. Pearson held Engineering and Management positions at such companies as Compaq Computer Corp. and Texas Instruments. Mr. Pearson holds a Bachelor's Degree in Electrical Engineering from Purdue University.

Jenna R Nelson

Board: Senior Management
Job Title: Executive Vice President, Global Human Resources
Since: 2010
Age: 48

Ms. Nelson has been the Executive Vice President, Global Human Resources at Sykes since 2010. She was the Senior Vice President of Human Resources at Sykes Enterprises since 2001. She joined the company in 1993. In 1998, Ms. Nelson was appointed as the Vice President of Human Resources, and held the position of Director, Human Resources and Administration from 1996 to 1998. From 1993 to 1996, she served in various management positions at SYKES, including Director of Administration. Prior to joining at SYKES, Ms. Nelson spent several years in Europe working at two major international providers of government communications software and services. She serves on the Board of Directors at America's Second Harvest of Tampa Bay, a charitable hunger-relief organization. Ms. Nelson is also a Member of the Advisory Board at Tampa Tank, a privately owned company specializing in providing steel fabrication to multiple industry groups in the US, Caribbean, Central and South America.

Daniel L Hernandez

Board: Senior Management
Job Title: Executive Vice President, Global Strategy
Since: 2010
Age: 45

Mr. Hernandez has been the Executive Vice President, Global Strategy at Sykes since 2010. He was the Senior Vice President of Global Strategy at Sykes in 2003. Prior to joining at SYKES, he served as the President and Chief Executive Officer at SBC Internet Services, a division of SBC Communications, since 2000. From 1998 to 2000, Mr. Hernandez served as the Vice President and

General Manager of Internet and System Operations at Ameritech Interactive Media Services. Prior to 1998, Mr. Hernandez held various management positions at US West Communications since joining the telecommunications provider in 1990.

Lawrence Zingale

Board: Senior Management
Job Title: Executive Vice President, Global Sales and Client Management
Since: 2010
Age: 56

Mr. Zingale has been the Executive Vice President, Global Sales and Client Management at Sykes since 2010. He was the Senior Vice President of Global Sales and Client Management at Sykes in 2006. He began his career at AT&T, for where he worked for nearly 20 years. Mr. Zingale most recently served as an Executive Vice President and Chief Operating Officer at a call center management company headquartered in Colorado. Mr. Zingale sits on the Board at National Industries for the Blind, a not-for-profit based in Washington, focused on working with the blind to create opportunities for economic and personal independence. Mr. Zingale received his Master of Business Administration with specialization in marketing from Lehigh University and a Bachelor's of Arts degree in economics from Allegheny College.

James T Holder

Board: Senior Management
Job Title: Executive Vice President, General Counsel and Corporate Secretary
Since: 2010
Age: 53

Mr. Holder has been the Executive Vice President at Sykes since 2010. He joined Sykes in 2000 as General Counsel and was named Corporate Secretary in 2001, Vice President in 2004 and Senior Vice President in 2006. Mr. Holder served in various capacities at Checkers Drive-In Restaurants, including Corporate Secretary, Chief Financial Officer, Senior Vice President and General Counsel and finally as Special Counsel from 1993 to 2000. He served as General Counsel at Health Care Products group of companies, a privately held consortium of companies involved in the sales and marketing of various health care products as well as investments in real estate and minority interests in publicly held corporations from 1989 to 1993. Mr. Holder was previously in the private practice of law at Shumaker, Loop & Kendrick in Tampa, Florida, and as an associate with PricewaterhouseCoopers in Tampa, Florida. He is licensed to practice law in the Courts of the State of Florida and Georgia, as well as the United States Tax Court. Mr. Holder has served as an adjunct Professor of Business Law at the University of South Florida and has taught private CPA review courses throughout the country. He received his Bachelor's of Arts in Accounting from the University of South Florida in 1980, and his Juris Doctor from the University of Georgia in 1983. Mr. Holder received his Certified Public Accounting certification in Florida in 1985.

MAJOR PRODUCTS AND SERVICES

Sykes Enterprise (Sykes) is a provider of outsourced customer contact management solutions and services in the business process outsourcing (BPO) arena. The company's key services include the following:

Services:

Outsourced customer contact management services

Customer care contacts
Technical support contacts
Acquisition services

Fulfillment services

Sales order processing through the Internet and phone
Payment processing
Inventory control
Product delivery
Product returns handling

Enterprise support services

Technical staffing services
Outsourced corporate help desk solutions

TOP COMPETITORS

The following companies are the major competitors of Sykes Enterprises, Incorporated

Convergys Corporation
Infosys Technologies Limited
Wipro Corporation
Aegis Communications Grp.
NCO Group Inc
TeleTech Holdings, Inc.
West Corporation
Accenture
IBM Global Services
SITEL Corporation
Sutherland, 24/7 Customer
vCustomer Corp
StarTek, Inc
Atento
TELEPERFORMANCE

COMPANY VIEW

A joint statement by Charles E Sykes, President and Chief Executive Officer; and W Michael Kipphut, Executive Vice President and Chief Financial Officer at Sykes Enterprises is given below. The statement has been taken from the company's 2011 annual report.

Dear Shareholders,

As 2011 began to unfold, no one could have predicted how profoundly it would mirror the events of 2010, when macro-economic turbulence seriously undermined the customer-contact management industry.

As in 2010, 2011 also started on an upbeat note. There were tentative signs that the U.S. and European economies were finally beginning to stabilize. Midway through the year, however, news of potential sovereign credit defaults in Europe — led by Greece — triggered fears of a potential double-dip recession in the U.S. These concerns reverberated throughout the customer-contact industry and, like many of our competitors, we faced a second consecutive year of erratic demand. Constant currency comparable revenue growth posted a decline of 1.2% (reported revenue growth was up 4.2% in 2011 versus 2010 as 2010 revenues included only 11-months of revenue contribution from the ICT acquisition), reflecting weak end-market demand for our clients' products and services. And, despite the best efforts of our hard-working team members, the headwinds from unfavorable foreign exchange rates proved too considerable, significantly skewing our overall operating margin performance.

Yet, even amid the intense macroeconomic cross-currents, we rose to the challenge. We maintained our focus, protected our strong balance sheet and controlled our risk. We made meaningful progress in our revenue growth trajectory — moderating revenue declines to 1.2% in 2011 from a decline of 4.6% in 2010 — while delivering respectable adjusted operating margins of 7.1%* versus 7.7%** (5.6% versus 3.4% on a reported basis) in the face of \$11.2 million, or almost a 100 basis points, in foreign exchange headwinds.

We generated record operating cash flows during the year of \$102.6 million, more than double that of 2010, confirming the positive financial effects of the ICT Group acquisition.

We also announced a five-million-share repurchase plan — the largest in SYKES' history — proclaiming our confidence in the Company's long-term prospects.

We followed through on several of the key initiatives discussed in our 2010 letter to shareholders. And most crucially, rather than passively enduring the challenging macro-environment, we leveraged it — transforming it into a catalyst for the refinement and implementation of specific targeted strategic initiatives that, we believe, will further sharpen our focus, strengthen our market position and maximize potential long-term returns for our shareholders. In the pages ahead, we will summarize the operating

environment in 2011, discuss the actions we undertook in 2011, report our progress on 2010 strategic initiatives, and share our long-term outlook.

SNAPSHOT OF 2011 OPERATING PERFORMANCE

The operating environment in 2011 sent mixed signals. Among our portfolio of 200-plus clients — which span key markets that represent 80% to 90% of the end-market demand for customer contact management services and thus, in our view, are a better proxy for the broader state of demand in 2011— client demand was broadly uneven. Further compounding the demand environment was client program attrition. This was due to several factors, among them, product or service-support phase-outs, competitive dislocation of certain products, counter cyclical nature of certain programs (diminished need for soft collections of 30-days past due payments as more customers paid their bills on time, as an example), client-driven shifts in customer support strategy in order to streamline supply chains and reduce the number of customer contact management vendors, and efforts to exit programs with sub-optimal returns. The ultimate result was revenue growth, which fluctuated from quarter to quarter throughout the year accompanied by a corresponding impact on margins. And the data bears that out.

As the year began, we posted low single-digit constant currency year-over-year revenue growth, which was driven not just by the financial services vertical, but, more surprisingly, by the discretionary technology vertical.

Even adjusted operating margins in the first quarter came in at a respectable 6.7%*** (5.3% on a reported basis), partially helped by the EMEA region. While first quarter results offered signs of optimism, second quarter demand, although still up, fell short of expectations. This was particularly the case in the EMEA region where, unfortunately, we had begun ramping up in anticipation of healthy client demand.

As that demand failed to materialize, combined with the lack of labor flexibility in the region, it created a significant drag on EMEA's operating margins, which swung to an operating loss of \$1.5 million**** on adjusted basis (\$1.8 million on a reported basis), thereby dampening the overall operating margin momentum.

In fact, by the second half of the year, we began to feel the effects of the macro-economic volatility, as revenue growth turned negative, weighing on operating margins. Growth drivers narrowed even further, with the financial services vertical providing the only consistent area of strength. And despite new client acquisitions and existing program expansions, it wasn't enough to completely offset the attrition of client programs and sluggish demand.

STRATEGIC ACTIONS & PROGRESS ON ON-GOING INITIATIVES

Even though demand disappointed in 2011, the year did not amount to a lost opportunity. In fact, the tough macro-economic backdrop spurred us to take targeted strategic actions.

One of the toughest balancing acts we face in leveraging our global delivery model is maintaining our value proposition of a global footprint and balancing that with our focus on maintaining profitable growth.

While not mutually exclusive, meeting both goals requires that we invest our resources in geographies that pass the cost-benefit test and deliver the desired returns for our investors. To help ensure that our operations meet that criteria, we initiated a strategic review of our EMEA operations in 2011 — a region in which we have had a presence for more than 15 years — in an attempt to focus on core markets and delivery geographies that are strategic, have the highest potential of enhancing our longterm revenue growth, improve our long-term profitability and generate the best returns for our shareholders.

The result: We made the decision to exit certain non-strategic countries within EMEA, including South Africa and Ireland, while rationalizing capacity in the Netherlands. In addition, we put our operations in Spain up for sale. Altogether, these countries represented 2,000 seats in 2011 (out of roughly 6,800 seats, or approximately 30% of EMEA's capacity), with a combined revenue of \$64 million and an operating loss of approximately \$12.0 million. Because each of the aforementioned countries faced long-term demand and profitability issues due to changes in our clients' customer service strategies and their preferences for other cost-effective delivery geographies — a trend exacerbated by the global economic downturn — it was a decision that, although tough, was necessary to ensure long-term success in the EMEA region.

While the EMEA restructuring garnered most of the attention in 2011, and was well received by you, our shareholders, there were other actions undertaken in 2011. One of the key initiatives we outlined in our 2010 letter to shareholders was the rationalization of excess capacity associated with the integration of the ICT Group acquisition.

We delivered on that front as we announced plans to eliminate approximately 1,200 seats (out of roughly 35,900 seats, or approximately 3% of Americas' capacity). These seats were in smaller and underutilized centers, such that they were misaligned with the market opportunity and were inefficient in terms of delivering the kind of economies of scale that we typically realize in larger centers.

In addition to capacity rationalization, we continued to leverage the success of our pure-play virtual at-home agent model in 2011. After winning our first at-home agent client — one of the leading telecom providers in Canada — in 2010, we parlayed that success into additional momentum. We successfully cross-sold this capability into one of the leading telecom providers in the U.S., as well as a marquee technology client, thus further broadening our vertical markets penetration. What is especially encouraging is that the early adopters for our at-home agent model are established blue-chip clients. Although the adoption curve of the at-home agent model will likely be dictated by each company's economics and business strategy, we believe early indications are promising.

More importantly, these program wins with existing clients are incremental and are not expected to cannibalize existing business. And they should be incremental on a net basis over the long term as well, as the at-home agent delivery model broadens the addressable market opportunity. Ultimately, each win will serve to solidify our position in the marketplace as a multichannel customer contact

management provider with a holistic set of delivery capabilities that address the needs and best interests of our clients.

CONCLUSION

No question, 2011 was a rocky year for the customer contact management industry. In fact, the sluggish demand of the last two years could distort anyone's perception of the industry. But it is worth remembering that the customer contact management industry is large — roughly \$200 billion in size — and is only 20%-30% penetrated.

Clients continue to outsource customer contact services as a way to turn their fixed costs into variable costs and improve their operating flexibility while focusing their resources and energies more effectively on their core business. While demand will always be driven by a certain measure of client-driven cyclical, we don't expect the outsourcing paradigm to change significantly. In fact, as we exited 2011, the demand trend in our sales pipeline looked promising, and the conversion rates were tracking slightly ahead of plan. Furthermore, the pricing environment on balance has remained favorable. And even though there are external risks — among them currencies, the regulatory environment, political headline risks, inflation expectations and disruptive technological shifts — we remain confident that despite our short-term cautious optimism we will get through this challenging environment and deliver on our long-term target operating margin range of 8% to 10%.

We believe that the strategic actions taken in 2011 will deliver favorable returns, both short-term and long-term. In the short run, the combination of our bold restructuring actions in the EMEA region and the seat optimization in the U.S. associated with the ICT Group acquisition should begin to improve our operating margins in the latter part of 2012. Long-term, the above actions, coupled with investments in our at-home agent program and social media platform as well as a sustained focus on optimizing our business and increasing penetration in our core vertical markets (financial services, communications and technology), should bolster our market position. That is not to suggest that additional adjustments won't be required in the future, especially if they are in the long-term strategic interests of the Company. For now, however, we believe the measures we have taken are properly aligned with our business mix and are in the interests of our clients and shareholders.

In closing, however the new year plays out, we remain operationally focused on executing our strategy and have every confidence that we will emerge from this downturn as an even more formidable competitor. We would like to thank you — our shareholders, clients, employees and Board of Directors — for your enduring trust and support.

LOCATIONS AND SUBSIDIARIES

Head Office

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Other Locations and Subsidiaries

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Sykes Global Services Limited Calder House 599 Calder Road Edinburgh EH11-4GA GBR	SYKES Slovakia s.r.o Letna 45 6th Floor 040 01 Kosice SVK
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