SYKES ENTERPRISES INC
Form 10-K
February 20, 2014
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

x **Annual Report Pursuant To Section 13 Or 15(d) Of The Securities Exchange Act Of 1934**
For the fiscal year ended December 31, 2013

Or

¨ **Transition Report Pursuant To Section 13 Or 15(d) Of The Securities Exchange Act Of 1934**
For The Transition Period From _________ To _________

Commission File Number 0-28274

Sykes Enterprises, Incorporated

(Exact name of registrant as specified in its charter)

Florida	**56-1383460**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**
400 N. Ashley Drive, Suite 2800, Tampa, Florida	**33602**
(Address of principal executive offices)	**(Zip Code)**

(813) 274-1000

(Registrant s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of each exchange on which registered**
Common Stock $.01 Par Value	**NASDAQ Stock Market, LLC**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ¨ No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of accelerated filer, large accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer	x	Accelerated filer	¨
Non-accelerated filer	¨	Smaller reporting company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

The aggregate market value of the shares of voting common stock held by non-affiliates of the Registrant computed by reference to the closing sales price of such shares on the NASDAQ Global Select Market on June 28, 2013, the last business day of the Registrant s most recently completed second fiscal quarter, was $668,308,805.

As of February 12, 2014, there were 43,996,834 outstanding shares of common stock.

DOCUMENTS INCORPORATED BY REFERENCE:

Documents	Form 10-K Reference
Portions of the Proxy Statement for the year 2014 Annual Meeting of Shareholders	Part III Items 10 14

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PART I

Item 1. Business

General

Sykes Enterprises, Incorporated and consolidated subsidiaries (SYKES, our, us or we) is a global leader in providing comprehensive outsourced customer contact management solutions and services in the business process outsourcing (BPO) arena. We provide an array of sophisticated customer contact management solutions to a wide range of clients including Fortune 1000 companies, medium-sized businesses and public institutions around the world, primarily in the communications, financial services, technology/consumer, transportation and leisure, healthcare and other verticals. We serve our clients through two geographic operating regions: the Americas (United States, Canada, Latin America, Australia and the Asia Pacific Rim) and EMEA (Europe, the Middle East and Africa). Our Americas and EMEA groups primarily provide customer contact management services (with an emphasis on inbound technical support and customer service), which includes customer assistance, healthcare and roadside assistance, technical support and product sales to our clients customers. These services are delivered through multiple communication channels including phone, e-mail, social media, text messaging and chat. We also provide various enterprise support services in the United States that include services for our clients internal support operations, from technical staffing services to outsourced corporate help desk services. In Europe, we also provide fulfillment services including multilingual sales order processing via the Internet and phone, inventory control, product delivery and product returns handling. (See Note 27, Segments and Geographic Information, of the accompanying Notes to Consolidated Financial Statements for further information on our segments.) Our complete service offering helps our clients acquire, retain and increase the lifetime value of their customer relationships. We have developed an extensive global reach with customer contact management centers across six continents, including North America, South America, Europe, Asia, Australia and Africa. We deliver cost-effective solutions that enhance the customer service experience, promote stronger brand loyalty, and bring about high levels of performance and profitability.

SYKES was founded in 1977 in North Carolina and we moved our headquarters to Florida in 1993. In March 1996, we changed our state of incorporation from North Carolina to Florida. Our headquarters are located at 400 North Ashley Drive, Suite 2800, Tampa, Florida 33602, and our telephone number is (813) 274-1000.

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports, as well as our proxy statements and other materials which are filed with, or furnished to, the Securities and Exchange Commission (SEC) are made available, free of charge, on or through our Internet website at www.sykes.com (click on Investor Relations and then SEC Filings under the heading Financial Information) as soon as reasonably practicable after they are filed with, or furnished to, the SEC.

Industry Overview

The customer contact management industry is highly fragmented and significant in size. According to Ovum, an industry research firm, the total number of individuals, or agent positions (APs), working in the customer contact management industry worldwide was estimated at roughly 9.2 million in 2013. With approximately 80% of the customer contact work done by in-house contact centers, the number of APs working for outsourcers such as SYKES, was estimated at 1.9 million in 2013. Both the outsourced and total APs are forecasted by Ovum to grow at compound annual growth rate of 5.2% and 3.1%, respectively, from 2013 to 2018. It is estimated that no single outsourcer has more than five percent of the total APs worldwide. Measured in dollar terms, the size of the outsourced portion of the customer contact management industry worldwide was estimated at $58 billion in 2012, according to International Data Corporation (IDC), an industry research firm. IDC also estimates that the outsourced portion of the customer contact industry is expected to grow to $76.8 billion by 2017, a compound annual growth rate of 5.8% from 2012 to 2017.

We believe that growth for outsourced customer contact management solutions and services will be fueled by the trend of global Fortune 1000 companies and medium-sized businesses utilizing outsourcers. In today s marketplace, companies require innovative customer contact management solutions that allow them to enhance the end user s experience with their products and services, strengthen and enhance their company brands, maximize the lifetime value of their customers, efficiently and effectively deliver human interaction when customers value it most, and deploy best-in-class customer management strategies, processes and technologies. However, a myriad of factors, among them intense global competition, pricing pressures, softness in the global economy and rapid changes in technology, continue to make it difficult for companies to cost-effectively maintain the in-house personnel necessary to handle all of their customer contact management needs.

To address these needs, we offer comprehensive global customer contact management solutions that leverage both brick-and-mortar and virtual delivery infrastructure. We provide consistent high-value support for our clients customers across the globe in a multitude of languages, leveraging our dynamic, secure communications infrastructure and our global footprint that reaches across 20 countries. This global footprint includes established brick-and-mortar operations in both onshore and offshore geographic markets where companies have access to high-quality customer contact management solutions at lower costs compared to other markets. We further complement our brick-and-mortar global delivery model with a highly differentiated and ready-made best-in-class virtual at-home agent delivery model, which we acquired through the Alpine acquisition in August of 2012. By working in partnership with outsourcers, companies can ensure that the crucial task of retaining and growing their customer base is addressed while creating operating flexibility, enabling focus on their core competencies, ensuring service excellence and execution, achieving cost savings through a variable cost structure, leveraging scale, entering niche markets speedily, and efficiently allocating capital within their organizations.

Business Strategy

Our goal is to provide enhanced and value-added customer contact management solutions and services, acting as a partner in our clients business. We seek to anticipate trends and deliver new ways of growing our clients customer satisfaction and retention rates, and thus profit, through timely, insightful and proven solutions.

Our business strategy encompasses building long-term client relationships, capitalizing on our expert worldwide response team, leveraging our depth of relevant experience and expanding both organically and through acquisitions. The principles of this strategy include the following:

Build Long-Term Client Relationships Through Customer Service Excellence. We believe that providing high-value, high-quality service is critical in our clients decisions to outsource and in building long-term relationships with our clients. To ensure service excellence and consistency across each of our centers globally, we leverage a portfolio of techniques, including SYKES Science of Service®. This standard is a compilation of more than 30 years of experience and best practices. Every customer contact management center strives to meet or exceed the standard, which addresses leadership, hiring and training, performance management down to the agent level, forecasting and scheduling, and the client relationship including continuous improvement, disaster recovery plans and feedback.

Capitalize on Our Worldwide Response Team. Companies are demanding a customer contact management solution that is global in nature one of our key strengths. In addition to our network of customer contact management centers throughout North America, Australia and Europe, we continue to develop our global delivery model with offshore and near-shore operations in The Philippines, the People s Republic of China, India, Costa Rica, El Salvador, Mexico, Brazil, Egypt and Romania, offering our clients a secure, high-quality solution tailored to the needs of their diverse and global markets. Furthermore, we are leveraging our expansive virtual infrastructure to deliver home-based agent solutions to our clients across North America.

Maintain a Competitive Advantage Through Technology Solutions. For more than 30 years, we have been an innovative pioneer in delivering customer contact management solutions. We seek to maintain a competitive advantage and differentiation by utilizing technology to consistently deliver innovative service solutions, ultimately enhancing the client s relationship with its customers and generating revenue growth. This includes knowledge solutions for agents and end customers, automatic call distributors, interactive voice response systems, intelligent call routing and workforce management capabilities based on agent skill and availability, call tracking software, quality management systems and computer-telephony integration (CTI). CTI enables our customer contact management centers to serve as transparent extensions of our clients, receive telephone calls and data directly from our clients systems, and report detailed information concerning the status and results of our services on a daily basis.

Through strategic technology relationships, we are able to provide fully integrated communication services encompassing e-mail, chat, text messaging and social media platforms. In addition, we utilize Global Direct, our customer relationship management (CRM)/e-commerce application for our European fulfillment operations. Global Direct establishes a platform whereby our clients can manage all customer profile and contact information from every communication channel, making it a viable customer-facing infrastructure solution to support their CRM initiatives.

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We are also continuing to capitalize on sophisticated technological capabilities, including our digital private network that provides us the ability to manage call volumes more efficiently by load balancing calls and data between customer contact management centers over the same network. Our converged voice and data digital communications network provides a high-quality, fault-tolerant global network for the transport of Voice Over Internet Protocol communications and fully integrates with emergent Internet Protocol telephony systems as well as traditional Time Domain Multiplexing telephony systems. Our flexible, secure and scalable network infrastructure allows us to rapidly respond to changes in client voice and data traffic and quickly establish support operations for new and existing clients.

Continue to Grow Our Business Organically and through Acquisitions. We have grown our customer contact management outsourcing operations utilizing a strategy of both internal organic growth and external acquisitions.

Our organic growth strategy is to target markets, clients, verticals, delivery geographies and service mix that will expand our addressable market opportunity, and thus drive our organic growth. Entry into Brazil, Romania, Egypt and El Salvador are examples of how we leveraged these delivery geographies to further penetrate our base of both existing and new clients, verticals and service mix in order to drive organic growth.

Strategic Rationale for the Alpine Acquisition

We completed the acquisition of Alpine Access, Inc. (Alpine) in August 2012. The Alpine acquisition, through use of at-home agents rather than agents who work at brick-and-mortar centers:

- Creates significant competitive differentiation for quality, speed to market, scalability and flexibility driven by proprietary, internally-developed software, systems, processes and other intellectual property which uniquely overcome the challenges of the at-home delivery model;
- Dramatically strengthens the Company s current service portfolio and go-to-market offering while expanding the breadth of clients with minimal client overlap;
- Broadens the addressable market opportunity within existing and new verticals as well as clients;
- Expands the addressable pool of skilled labor;
- Allows SYKES to leverage operational best practices across its global platform, with the potential to convert more of the fixed cost to variable cost; and
- Further enhances the growth profile of SYKES to drive shareholder value.

Growth Strategy

Applying the key principles of our business strategy, we execute our growth strategy by focusing on the following levers.

Maximizing Capacity Utilization Rates and Strategically Adding Seat Capacity. Revenues and profitability growth is driven by increasing the capacity utilization rate in conjunction with seat capacity additions. We plan to sustain our focus on increasing the capacity utilization rate by further penetrating existing clients, adding new clients and rationalizing underutilized seat capacity as deemed necessary. With greater operating flexibility resulting from the Alpine acquisition, we can rationalize underutilized capacity more efficiently and drive capacity utilization rates.

Broadening Global Delivery Footprint. Just as increased capacity utilization rates and increased seat capacity are key drivers of our revenues and profitability growth, where we deploy the seat capacity geographically is also important. By broadening and continuously strengthening our brick-and-mortar global delivery footprint, we are able to meet both our existing and new clients customer contact management needs globally as they enter new markets. At the end of 2013, our global delivery footprint spanned 20 countries. As a multi-channel provider of phone, e-mail,

social media, text messaging and chat customer contact management services, we provide comprehensive customer contact management solutions through our recently acquired best-in-class virtual at-home agent offering, which further augments and strengthens our existing brick-and-mortar global delivery footprint. Additionally, with the rapid emergence of on-line communities, Facebook and Twitter, we continue to make on-going investments in our social media service offerings, which can be leveraged across both our brick-and-mortar and at-home agent delivery platforms.

Increasing Share of Seats Within Existing Clients and Winning New Clients. We provide customer contact management support to numerous multinational companies. With this client list, we have the opportunity to grow our client base. We strive to achieve this by winning a greater share of our clients in-house seats as well as gaining share from our competitors by providing consistently high-quality service as clients continue to consolidate their vendor base. In addition, as we further leverage our highly differentiated virtual customer contact delivery capability, along with the knowledge of verticals and business lines, we plan to win new clients as a way to broaden our base of growth.

Diversifying Verticals and Expanding Service Lines. To mitigate the impact of any negative economic and product cycles on our growth rate, we continue to seek ways to diversify into verticals and service lines that have countercyclical features and healthy growth rates. We are targeting the following verticals for growth: communications, financial services, technology/consumer, healthcare and transportation and leisure. These verticals cover various business lines, including wireless services, broadband, retail banking, credit card/consumer fraud protection, content moderation, telemedicine and travel portals.

Creating Value-Added Service Enhancements. To improve both revenue and margin expansion, we will continue to introduce new service offerings and add-on enhancements. Bilingual customer support and back office services are examples of horizontal service offerings, while data analytics and process improvement products are examples of add-on enhancements.

Continuing to Focus on Expanding the Addressable Market Opportunities. As part of our growth strategy, we continually seek to expand the number of markets we serve. The United States, Canada and Germany, for instance, are markets which are served by in-country centers, centers in offshore regions or a combination thereof. We continually seek ways to broaden the addressable market for our customer contact management services. We currently operate in 15 markets.

Services

We specialize in providing inbound outsourced customer contact management solutions in the BPO arena on a global basis. Our customer contact management services are provided through two reportable segments the Americas and EMEA. The Americas region, representing 83.2% of consolidated revenues in 2013, includes the United States, 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 significant service delivery vehicle for U.S.-based companies that are utilizing our customer contact management solutions in these locations to support their customer care needs. In addition, the Americas region also includes revenues from our virtual customer contact solution, which serves markets in both the U.S. and Canada. The EMEA region, representing 16.8% of consolidated revenues in 2013, includes Europe, the Middle East and Africa. See Note 27, Segments and Geographic Information, of the accompanying Notes to Consolidated Financial Statements for further information on our segments. The following is a description of our customer contact management solutions:

Outsourced Customer Contact Management Services. Our outsourced customer contact management services represented approximately 98.2% of total 2013 consolidated revenues. Each year since 2008, we have handled over 250 million customer contacts including phone, e-mail, social media, text messaging and chat throughout the Americas and EMEA regions. We provide these services utilizing our advanced technology infrastructure, human resource management skills and industry experience. These services include:

- Customer care 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;

- Technical support Technical support contacts primarily include handling inquiries regarding hardware, software, communications services, communications equipment, Internet access technology and Internet portal usage; and

- Customer acquisition Our customer acquisition services are primarily focused on inbound up-selling of our clients products and services.

We provide these services, primarily inbound customer calls, through our extensive global network of customer contact management centers in many languages. Our technology infrastructure and managed service solutions allow for effective distribution of calls to one or more centers. These technology offerings provide our clients and us with the leading edge tools needed to maximize quality and customer satisfaction while controlling and minimizing costs.

Fulfillment Services. In Europe, we offer fulfillment services that are integrated with our customer care and technical support services. Our fulfillment solutions include multilingual sales order processing via the Internet and phone, payment processing, inventory control, product delivery and product returns handling.

Enterprise Support Services. In the United States, we provide a range of enterprise support services including technical staffing services and outsourced corporate help desk solutions.

Operations

Customer Contact Management Centers. We operate across 20 countries in 72 customer contact management centers, which breakdown as follows: 18 centers across Europe and Egypt, 22 centers in the United States, 10 centers in Canada, 4 centers in Australia and 18 centers offshore, including the People s Republic of China, The Philippines, Costa Rica, El Salvador, India, Mexico and Brazil. In addition to our customer contact management centers, we employ approximately 7,500 virtual customer contact agents across 40 states in the U.S. and across eight provinces in Canada.

We utilize a sophisticated workforce management system to provide efficient scheduling of personnel. Our internally developed digital private communications network complements our workforce by allowing for effective call volume management and disaster recovery backup. Through this network and our dynamic intelligent call routing capabilities, we can rapidly respond to changes in client call volumes and move call volume traffic based on agent availability and skill throughout our network of centers, improving the responsiveness and productivity of our agents. We also can offer cost competitive solutions for taking calls to our offshore locations.

Our data warehouse captures and downloads customer contact information for reporting on a daily, real-time and historical basis. This data provides our clients with direct visibility into the services that we are providing for them. The data warehouse supplies information for our performance management systems such as our agent scorecarding application, which provides us with the information required for effective management of our operations.

Our customer contact management centers are protected by a fire extinguishing system, backup generators with significant capacity and 24 hour refueling contracts and short-term battery backups in the event of a power outage, reduced voltage or a power surge. Rerouting of call volumes to other customer contact management centers is also available in the event of a telecommunications failure, natural disaster or other emergency. Security measures are imposed to prevent unauthorized physical access. Software and related data files are backed up daily and stored off site at multiple locations. We carry business interruption insurance covering interruptions that might occur as a result of certain types of damage to our business.

Fulfillment Centers. We currently have two fulfillment centers located in Europe. We provide our fulfillment services primarily to certain clients operating in Europe who desire this complementary service in connection with outsourced customer contact management services.

Enterprise Support Services Offices. Our enterprise support services office, located in a metropolitan area in the United States, provides a recruiting platform for high-end knowledge workers and to establish a local presence to service major accounts.

Quality Assurance

We believe that providing consistent high-quality service is critical in our clients decision to outsource and in building long-term relationships with our clients. It is also our belief and commitment that quality is the responsibility of each individual at every level of the organization. To ensure service excellence and continuity across our organization, we have developed an integrated Quality Assurance program consisting of three major components:

- The certification of client accounts and customer contact management centers to the SYKES Science of Service® program;
- The application of continuous improvement through application of our Data Analytics techniques; and
- The application of process audits to all work procedures.

The SYKES Science of Service® is a standard that was developed based on our more than 30 years of experience, and best practices from industry standards such as the Malcolm Baldrige National Quality Award and Customer Operations Performance Center. It specifies the requirements that must be met in each of our customer contact management centers including measured performance against our standard operating procedures. It has a well-defined auditing process that ensures compliance with the SYKES standards. Our focus is on quality, predictability and consistency over time, not just point in time certification.

The application of continuous improvement is based upon our suite of data analytics techniques that we have fine-tuned to apply specifically to our service industry. All managers are responsible for continuous improvement in their operations.

Process audits are used to verify that processes and procedures are consistently executed as required by established documentation. Process audits are applicable to services being provided for the client and internal procedures.

Sales and Marketing

Our sales and marketing objective is to leverage our expertise and global presence to develop long-term relationships with existing and future clients. Our customer contact management solutions have been developed to help our clients acquire, retain and increase the value of their customer relationships. Our plans for increasing our visibility include market-focused advertising, consultative personal visits, participation in market-specific trade shows and seminars, speaking engagements, articles and white papers, and our website.

Our sales force is composed of business development managers who pursue new business opportunities and strategic account managers who manage and grow relationships with existing accounts. We emphasize account development to strengthen relationships with existing clients. Business development management and strategic account managers are assigned to markets in their area of expertise in order to develop a complete understanding of each client s particular needs, to form strong client relationships and encourage cross-selling of our other service offerings. We have inside customer sales representatives who receive customer inquiries and who provide outbound lead generation for the business development managers. We also have relationships with channel partners including systems integrators, software and hardware vendors and value-added resellers, where we pair our solutions and services with their product offering or focus. We plan to maintain and expand these relationships as part of our sales and marketing strategy.

As part of our marketing efforts, we invite existing and potential clients to experience our customer contact management centers and virtual delivery operations, where we can demonstrate the expertise of our skilled staff in partnering to deliver new ways of growing clients customer satisfaction and retention rates, and thus profit, through timely, insightful and proven solutions. During these experiences, we demonstrate our ability to quickly and effectively support a new client or scale business from an existing client by emphasizing our systematic approach to implementing customer contact solutions throughout the world.

Clients

We provide service to clients from our locations in the United States, Canada, Latin America, Australia, the Asia Pacific Rim, Europe and Africa. These clients are Fortune 1000 corporations, medium-sized businesses and public institutions, which span the communications, financial services, technology/consumer, transportation and leisure, healthcare and other industries. Revenue by vertical market for 2013, as a percentage

of our consolidated revenues,

was 35% for communications, 28% for financial services, 16% for technology/consumer, 8% for transportation and leisure, 6% for healthcare, 2% for retail and 5% for all other vertical markets, including government and utilities. We believe our globally recognized client base presents opportunities for further cross marketing of our services.

Total revenues by segment from AT&T Corporation, a major provider of communication services for which we provide various customer support services, were as follows (in thousands):

	Years Ended December 31,					
	2013		2012		2011	
	Amount	% of Revenues	Amount	% of Revenues	Amount	% of Revenues
Americas	**$ 162,888**	**12.9%**	$ 130,072	11.5%	$ 129,331	11.1%
EMEA	**3,513**	**0.3%**	3,018	0.3%	3,343	0.2%
	$ 166,401	**13.2%**	$ 133,090	11.8%	$ 132,674	11.3%

We have multiple distinct contracts with AT&T spread across multiple lines of businesses, including a master services agreement that expires in 2017 and various statements of work, which expire at varying dates between 2014 and 2015. We have historically renewed most of these contracts. However, there is no assurance that these contracts will be renewed, or if renewed, will be on terms as favorable as the existing contracts. Each line of business is governed by separate business terms, conditions and metrics. Each line of business also has a separate decision maker such that a loss of one line of business would not necessarily impact our relationship with the client and decision makers on other lines of business. The loss of (or the failure to retain a significant amount of business with) any of our key clients, including AT&T, could have a material adverse effect on our performance. Many of our contracts contain penalty provisions for failure to meet minimum service levels and are cancelable by the client at any time or on short notice. Also, clients may unilaterally reduce their use of our services under our contracts without penalty.

Total revenues from our next largest client, which was in the financial services vertical market, were as follows (in thousands):

	Years Ended December 31,					
	2013		2012		2011	
	Amount	% of Revenues	Amount	% of Revenues	Amount	% of Revenues
Next largest client	**$ 73,226**	**5.8%**	$ 70,311	6.2%	$ 65,783	5.6%

Our top ten clients accounted for approximately 45.9%, 47.8% and 45.4% of our consolidated revenues during the years ended December 31, 2013, 2012 and 2011, respectively.

Competition

The industry in which we operate is global and, therefore, highly fragmented and extremely competitive. While many companies provide customer contact management solutions and services, we believe no one company is dominant in the industry.

In most cases, our principal competition stems from our existing and potential clients in-house customer contact management operations. When it is not the in-house operations of a client or potential client, our public and private direct competition includes TeleTech, Sitel, Convergys, iQor, Concentrix, Alorica, West Corporation, Aegis Global, Sutherland, 24/7 Customer, StarTek, Atento, Teleperformance, Transcom, Expert Global Solutions, LiveOps, Working Solutions and Arise, as well as the customer care arm of such companies as Accenture, Xerox, Wipro, Infosys and Mahindra Satyam, among others. There are other numerous and varied providers of such services, including firms specializing in various CRM consulting, other customer management solutions providers, niche or large market companies, as well as product distribution companies that provide fulfillment services. Some of these companies possess substantially greater resources, greater name recognition and a more established customer base than we do.

We believe that the most significant competitive factors in the sale of outsourced customer contact management services include service quality, tailored value-added service offerings, industry experience, advanced technological capabilities, global coverage, reliability, scalability, security,

price and financial strength. As a result of intense competition, outsourced customer contact management solutions and services frequently are subject to pricing pressure. Clients also require outsourcers to be able to provide services in multiple locations. Competition for contracts for many of our services takes the form of competitive bidding in response to requests for proposal.

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Intellectual Property

The success of our business depends, in part, on our proprietary technology and intellectual property. We rely on a combination of intellectual property laws and contractual arrangements to protect our intellectual property. We and our subsidiaries have registered various trademarks and service marks in the U.S. and/or other countries, including SYKES®, REAL PEOPLE. REAL SOLUTIONS®, SYKES HOME®, SYKES HOME POWERED BY ALPINE ACCESS®, SCIENCE OF SERVICE®, ICT®, SOUND OF SERVICE®, ONEVIEW®, ALPINE ACCESS® and ALPINE ACCESS UNIVERSITY®. The duration of trademark and service mark registrations varies from country to country but may generally be renewed indefinitely as long as the marks are in use and their registrations are properly maintained. Our subsidiary, Alpine, was issued U.S. Patent No. 8,565,413 in 2013 which relates to a system and method for establishment and management of a remote agent call center. Alpine has several additional pending U.S. patent applications.

Employees

As of January 31, 2014, we had approximately 47,900 employees worldwide, including 37,200 customer contact agents handling technical and customer support inquiries at our centers, 7,500 at-home customer contact agents handling technical and customer support inquiries, 3,000 in management, administration, information technology, finance, sales and marketing roles, 100 in enterprise support services and 100 in fulfillment services. Our employees, with the exception of approximately 700 employees in Brazil and various European countries, are not union members and we have never suffered a material interruption of business as a result of a labor dispute. We consider our relations with our employees worldwide to be satisfactory.

We employ personnel through a continually updated recruiting network. This network includes a seasoned team of recruiters, competency-based selection standards and the sharing of global best practices in order to advertise and source qualified candidates through proven recruiting techniques. Nonetheless, demand for qualified professionals with the required language and technical skills may still exceed supply at times as new skills are needed to keep pace with the requirements of customer engagements. As such, competition for such personnel is intense. Additionally, employee turnover in our industry is high.

Executive Officers

The following table provides the names and ages of our executive officers, and the positions and offices currently held by each of them:

Name	Age	Principal Position
Charles E. Sykes	51	President and Chief Executive Officer and Director
W. Michael Kipphut	60	Executive Vice President and Chief Financial Officer
Christopher M. Carrington	52	Executive Vice President, Global Delivery
Lawrence R. Zingale	58	Executive Vice President, General Manager of Major Markets
Jenna R. Nelson	50	Executive Vice President, Human Resources
Daniel L. Hernandez	47	Executive Vice President, Global Strategy
David L. Pearson	55	Executive Vice President and Chief Information Officer
James T. Holder	55	Executive Vice President, General Counsel and Corporate Secretary
William N. Rocktoff	51	Global Vice President and Corporate Controller

Charles E. Sykes joined SYKES in 1986 and was named President and Chief Executive Officer and Director in August 2004. From July 2003 to August 2004, Mr. Sykes was the Chief Operating Officer. From March 2000 to June 2001, Mr. Sykes was Senior Vice President, Marketing, and in June 2001, he was appointed to the position of General Manager, Senior Vice President the Americas. From December 1996 to March 2000, he served as Vice President, Sales, and held the position of Regional Manager of the Midwest Region for Professional Services from 1992 until 1996.

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W. Michael Kipphut, C.P.A., joined SYKES in March 2000 as Vice President and Chief Financial Officer and was named Senior Vice President and Chief Financial Officer in June 2001. In May 2010, he was named Executive Vice President and Chief Financial Officer. From September 1998 to February 2000, Mr. Kipphut held the position of Vice President and Chief Financial Officer for USA Floral Products, Inc., a publicly-held, worldwide, perishable products distributor. From September 1994 until September 1998, Mr. Kipphut held the position of Vice President and Treasurer for Spalding & Evenflo Companies, Inc., a global manufacturer of consumer products. Previously, Mr. Kipphut held various financial positions, including Vice President and Treasurer, in his 17 years at Tyler Corporation, a publicly-held, diversified holding company.

Christopher M. Carrington joined SYKES in August 2012 and assumed the post of Executive Vice President, Global Delivery in September 2012. Prior to his role at SYKES, Mr. Carrington served as a board member and President and CEO of Alpine Access, a market leader in the virtual contact center solutions and services market. Prior to joining Alpine Access, Mr. Carrington served as President of Americas Outsourcing Services for Capgemini, President and CEO of the Interlink Group and President of the Americas E-business consulting practice for EDS.

Lawrence R. Zingale joined SYKES in January 2006 as Senior Vice President, Global Sales and Client Management. In May 2010, he was named Executive Vice President, Global Sales and Client Management and in September 2012, he was named Executive Vice President and General Manager of Major Markets. Prior to joining SYKES, Mr. Zingale served as Executive Vice President and Chief Operating Officer of StarTek, Inc. since 2002. From December 1999 until November 2001, Mr. Zingale served as President of the Americas at Stonehenge Telecom, Inc. From May 1997 until November 1999, Mr. Zingale served as President and Chief Operating Officer of International Community Marketing. From February 1980 until May 1997, Mr. Zingale held various senior level positions at AT&T.

Jenna R. Nelson joined SYKES in August 1993 and was named Senior Vice President, Human Resources, in July 2001. In May 2010, she was named Executive Vice President, Global Human Resources. From January 2001 until July 2001, Ms. Nelson held the position of Vice President, Human Resources. In August 1998, Ms. Nelson was appointed Vice President, Human Resources, and held the position of Director, Human Resources and Administration, from August 1996 to July 1998. From August 1993 until July 1996, Ms. Nelson served in various management positions within SYKES, including Director of Administration.

Daniel L. Hernandez joined SYKES in October 2003 as Senior Vice President, Global Strategy overseeing marketing, public relations, operational strategy and corporate development efforts worldwide. In May 2010, he was named Executive Vice President, Global Strategy. Prior to joining SYKES, Mr. Hernandez served as President and Chief Executive Officer of SBC Internet Services, a division of SBC Communications Inc., since March 2000. From February 1998 to March 2000, Mr. Hernandez held the position of Vice President/General Manager, Internet and System Operations, at Ameritech Interactive Media Services. Prior to February 1998, Mr. Hernandez held various management positions at US West Communications since joining the telecommunications provider in 1990.

David L. Pearson joined SYKES in February 1997 as Vice President, Engineering, and was named Vice President, Technology Systems Management, in 2000 and Senior Vice President and Chief Information Officer in August 2004. In May 2010, he was named Executive Vice President and Chief Information Officer. Prior to SYKES, Mr. Pearson held various engineering and technical management roles over a fifteen year period, including eight years at Compaq Computer Corporation and five years at Texas Instruments.

James T. Holder, J.D., joined SYKES in December 2000 as General Counsel and was named Corporate Secretary in January 2001, Vice President in January 2004 and Senior Vice President in December 2006. In May 2010, he was named Executive Vice President. From November 1999 until November 2000, Mr. Holder served in a consulting capacity as Special Counsel to Checkers Drive-In Restaurants, Inc., a publicly held restaurant operator and franchisor. From November 1993 until November 1999, Mr. Holder served in various capacities at Checkers including Corporate Secretary, Chief Financial Officer and Senior Vice President and General Counsel.

William N. Rocktoff, C.P.A., joined SYKES in August 1997 as Corporate Controller and was named Treasurer and Corporate Controller in December 1999 and Vice President and Corporate Controller in March 2002. In January 2011, he was named Global Vice President and Corporate Controller. From November 1989 to August 1997, Mr. Rocktoff held various financial positions, including Corporate Controller, at Kimmins Corporation, a publicly-held contracting company.

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Item 1A. Risk Factors

Factors Influencing Future Results and Accuracy of Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995) that are based on current expectations, estimates, forecasts, and projections about us, our beliefs, and assumptions made by us. In addition, we may make other written or oral statements, which constitute forward-looking statements, from time to time. Words such as may, expects, projects, anticipates, intends, plans, believes, seeks, estimates, variations of such words, and similar expressions are intended to id forward-looking statements. Similarly, statements that describe our future plans, objectives or goals also are forward-looking statements. These statements are not guarantees of future performance and are subject to a number of risks and uncertainties, including those discussed below and elsewhere in this Annual Report on Form 10-K. Our actual results may differ materially from what is expressed or forecasted in such forward-looking statements, and undue reliance should not be placed on such statements. All forward-looking statements are made as of the date hereof, and we undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Factors that could cause actual results to differ materially from what is expressed or forecasted in such forward-looking statements include, but are not limited to: the marketplace s continued receptivity to our terms and elements of services offered under our standardized contract for future bundled service offerings; our ability to continue the growth of our service revenues through additional customer contact management centers; our ability to further penetrate into vertically integrated markets; our ability to expand revenues within the global markets; our ability to continue to establish a competitive advantage through sophisticated technological capabilities, and the following risk factors:

Risks Related to Our Business and Industry

Unfavorable general economic conditions could negatively impact our operating results and financial condition.

Unfavorable general economic conditions could negatively affect our business. While it is often difficult to predict the impact of general economic conditions on our business, these conditions could adversely affect the demand for some of our clients products and services and, in turn, could cause a decline in the demand for our services. Also, our clients may not be able to obtain adequate access to credit, which could affect their ability to make timely payments to us. If that were to occur, we could be required to increase our allowance for doubtful accounts, and the number of days outstanding for our accounts receivable could increase. In addition, we may not be able to renew our revolving credit facility at terms that are as favorable as those terms available under our current credit facility. Also, the group of lenders under our credit facility may not be able to fulfill their funding obligations, which could adversely impact our liquidity. For these reasons, among others, if unfavorable economic conditions persist or decline, this could adversely affect our revenues, operating results and financial condition, as well as our ability to access debt under comparable terms and conditions.

Our business is dependent on key clients, and the loss of a key client could adversely affect our business and results of operations.

We derive a substantial portion of our revenues from a few key clients. Our top ten clients accounted for approximately 45.9% of our consolidated revenues in 2013. The loss of (or the failure to retain a significant amount of business with) any of our key clients could have a material adverse effect on our business, financial condition and results of operations. Many of our contracts contain penalty provisions for failure to meet minimum service levels and are cancelable by the client at any time or on short-term notice. Also, clients may unilaterally reduce their use of our services under these contracts without penalty. Thus, our contracts with our clients do not ensure that we will generate a minimum level of revenues.

Cyber-attacks as well as improper disclosure or control of personal information could result in liability and harm our reputation, which could adversely affect our business and results of operations.

Our business is heavily dependent upon our computer and voice technologies, systems and platforms. Internal or external attacks on any of those could disrupt the normal operations of our call centers and impede our ability to provide critical services to our clients, thereby subjecting us to liability under our contracts. Additionally, our business involves the use, storage and transmission of information about our employees, our clients and customers

of our clients. While we take measures to protect the security of, and unauthorized access to our systems, as well as the privacy of personal and proprietary information, it is possible that our security controls over our systems, as well as other security practices we follow, may not prevent the improper access to or disclosure of personally identifiable or proprietary information. Such disclosure could harm our reputation and subject us to liability under our contracts and laws that protect personal data, resulting in increased costs or loss of revenue. Further, data privacy is subject to frequently changing rules and regulations, which sometimes conflict among the various jurisdictions and countries in which we provide services. Our failure to adhere to or successfully implement processes in response to changing regulatory requirements in this area could result in legal liability or impairment to our reputation in the marketplace, which could have a material adverse effect on our business, financial condition and results of operations.

Our business is subject to substantial competition.

The markets for many of our services operate on a commoditized basis and are highly competitive and subject to rapid change. While many companies provide outsourced customer contact management services, we believe no one company is dominant in the industry. There are numerous and varied providers of our services, including firms specializing in call center operations, temporary staffing and personnel placement, consulting and integration firms, and niche providers of outsourced customer contact management services, many of whom compete in only certain markets. Our competitors include both companies who possess greater resources and name recognition than we do, as well as small niche providers that have few assets and regionalized (local) name recognition instead of global name recognition. In addition to our competitors, many companies who might utilize our services or the services of one of our competitors may utilize in-house personnel to perform such services. Increased competition, our failure to compete successfully, pricing pressures, loss of market share and loss of clients could have a material adverse effect on our business, financial condition and results of operations.

Many of our large clients purchase outsourced customer contact management services from multiple preferred vendors. We have experienced and continue to anticipate significant pricing pressure from these clients in order to remain a preferred vendor. These companies also require vendors to be able to provide services in multiple locations. Although we believe we can effectively meet our clients demands, there can be no assurance that we will be able to compete effectively with other outsourced customer contact management services companies on price. We believe that the most significant competitive factors in the sale of our core services include the standard requirements of service quality, tailored value-added service offerings, industry experience, advanced technological capabilities, global coverage, reliability, scalability, security, price and financial strength.

The concentration of customer support centers in certain geographies poses risks to our operations which could adversely affect our financial condition.

Although we have call centers in many locations throughout the world, we have a concentration of centers in certain geographies outside of the U.S. and Canada, specifically The Philippines and Latin America. Our concentration of operations in those geographies is a result of our ability to access significant numbers of employees with certain language and other skills at costs that are advantageous. However, the concentration of business activities in any geographical area creates risks which could harm operations and our financial condition. Certain risks, such as natural disasters, armed conflict and military or civil unrest, political instability and disease transmission, as well as the risk of interruption to our delivery systems, is magnified when the realization of these, or any other risks, would effect a large portion of our business at once, which may result in a disproportionate increase in operating costs.

Our business is dependent on the trend toward outsourcing.

Our business and growth depend in large part on the industry trend toward outsourced customer contact management services. Outsourcing means that an entity contracts with a third party, such as us, to provide customer contact services rather than perform such services in-house. There can be no assurance that this trend will continue, as organizations may elect to perform such services themselves. A significant change in this trend could have a material adverse effect on our business, financial condition and results of operations. Additionally, there can be no assurance that our cross-selling efforts will cause clients to purchase additional services from us or adopt a single-source outsourcing approach.

We are subject to various uncertainties relating to future litigation.

We cannot predict whether any material suits, claims, or investigations may arise in the future. Regardless of the outcome of any future actions, claims, or investigations, we may incur substantial defense costs and such actions may cause a diversion of management time and attention. Also, it is possible that we may be required to pay substantial damages or settlement costs which could have a material adverse effect on our financial condition and results of operations.

Our industry is subject to rapid technological change which could affect our business and results of operations.

Rapid technological advances, frequent new product introductions and enhancements, and changes in client requirements characterize the market for outsourced customer contact management services. Technological advancements in voice recognition software, as well as self-provisioning and self-help software, along with call avoidance technologies, have the potential to adversely impact call volume growth and, therefore, revenues. Our future success will depend in large part on our ability to service new products, platforms and rapidly changing technology. These factors will require us to provide adequately trained personnel to address the increasingly sophisticated, complex and evolving needs of our clients. In addition, our ability to capitalize on our acquisitions will depend on our ability to continually enhance software and services and adapt such software to new hardware and operating system requirements. Any failure by us to anticipate or respond rapidly to technological advances, new products and enhancements, or changes in client requirements could have a material adverse effect on our business, financial condition and results of operations.

Our business relies heavily on technology and computer systems, which subjects us to various uncertainties.

We have invested significantly in sophisticated and specialized communications and computer technology and have focused on the application of this technology to meet our clients needs. We anticipate that it will be necessary to continue to invest in and develop new and enhanced technology on a timely basis to maintain our competitiveness. Significant capital expenditures may be required to keep our technology up-to-date. There can be no assurance that any of our information systems will be adequate to meet our future needs or that we will be able to incorporate new technology to enhance and develop our existing services. Moreover, investments in technology, including future investments in upgrades and enhancements to software, may not necessarily maintain our competitiveness. Our future success will also depend in part on our ability to anticipate and develop information technology solutions that keep pace with evolving industry standards and changing client demands.

Emergency interruption of customer contact management center operations could affect our business and results of operations.

Our operations are dependent upon our ability to protect our customer contact management centers and our information databases against damage that may be caused by fire, earthquakes, severe weather and other disasters, power failure, telecommunications failures, unauthorized intrusion, computer viruses and other emergencies. The temporary or permanent loss of such systems could have a material adverse effect on our business, financial condition and results of operations. Notwithstanding precautions taken to protect us and our clients from events that could interrupt delivery of services, there can be no assurance that a fire, natural disaster, human error, equipment malfunction or inadequacy, or other event would not result in a prolonged interruption in our ability to provide services to our clients. Such an event could have a material adverse effect on our business, financial condition and results of operations.

Our operating results will be adversely affected if we are unable to maximize our facility capacity utilization.

Our profitability is significantly influenced by our ability to effectively manage our contact center capacity utilization. The majority of our business involves technical support and customer care services initiated by our clients customers and, as a result, our capacity utilization varies and demands on our capacity are, to some degree, beyond our control. In order to create the additional capacity necessary to accommodate new or expanded outsourcing projects, we may need to open new contact centers. The opening or expansion of a contact center may result, at least in the short term, in idle capacity until we fully implement the new or expanded program. Additionally, the occasional need to open customer contact centers fully, or primarily, dedicated to a single client, instead of spreading the work among existing facilities with idle capacity, negatively affects capacity utilization. We periodically assess the expected long-term capacity utilization of our contact centers. As a result, we may, if deemed necessary, consolidate, close or partially close under-performing contact centers to maintain or improve targeted utilization and margins. There can be no guarantee that we will be able to achieve or maintain optimal utilization of our contact center capacity.

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As part of our effort to consolidate our facilities, we may seek to sell or sublease a portion of our surplus contact center space, if any, and recover certain costs associated with it. Failure to sell or sublease such surplus space will negatively impact results of operations.

Increases in the cost of telephone and data services or significant interruptions in such services could adversely affect our business.

Our business is significantly dependent on telephone and data service provided by various local and long distance telephone companies. Accordingly, any disruption of these services could adversely affect our business. We have taken steps to mitigate our exposure to service disruptions by investing in redundant circuits, although there is no assurance that the redundant circuits would not also suffer disruption. Any inability to obtain telephone or data services at favorable rates could negatively affect our business results. Where possible, we have entered into long-term contracts with various providers to mitigate short term rate increases and fluctuations. There is no obligation, however, for the vendors to renew their contracts with us, or to offer the same or lower rates in the future, and such contracts are subject to termination or modification for various reasons outside of our control. A significant increase in the cost of telephone services that is not recoverable through an increase in the price of our services could adversely affect our business.

Our profitability may be adversely affected if we are unable to maintain and find new locations for customer contact centers in countries with stable wage rates.

Our business is labor-intensive and therefore wages, employee benefits and employment taxes constitute the largest component of our operating expenses. As a result, expansion of our business is dependent upon our ability to find cost-effective locations in which to operate, both domestically and internationally. Some of our customer contact management centers are located in countries that have experienced inflation and rising standards of living, which requires us to increase employee wages. In addition, collective bargaining is being utilized in an increasing number of countries in which we currently, or may in the future, desire to operate. Collective bargaining may result in material wage and benefit increases. If wage rates and benefits increase significantly in a country where we maintain customer contact management centers, we may not be able to pass those increased labor costs on to our clients, requiring us to search for other cost effective delivery locations. There is no assurance that we will be able to find such cost-effective locations, and even if we do, the costs of closing delivery locations and opening new customer contact management centers can adversely affect our financial results.

The adoption and implementation of new statutory and regulatory requirements for derivative transactions could have an adverse impact on our ability to hedge risks associated with our business.

We enter into forward and option contracts to hedge against the effect of foreign currency exchange rate fluctuations. The United States Congress has passed, and the President has signed into law, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act). The Dodd-Frank Act provides for new statutory and regulatory requirements for derivative transactions, including foreign currency and interest rate hedging transactions. The Dodd-Frank Act requires the Commodities Futures and Trading Commission to promulgate rules relating to the Dodd-Frank Act. Until the rules relating to the Dodd-Frank Act are established, we cannot know how these regulations will affect us. The rules adopted by the Commodities Futures and Trading Commission may in the future impact our flexibility to execute strategic hedges to reduce foreign exchange and interest rate uncertainty and thus protect cash flows. In addition, the banks and other derivatives dealers who are our contractual counterparties will be required to comply with the Dodd-Frank Act s new requirements. It is possible that the costs of such compliance will be passed on to customers such as us.

Risks Related to Our International Operations

Our international operations and expansion involve various risks.

We intend to continue to pursue growth opportunities in markets outside the United States. At December 31, 2013, our international operations were conducted from 33 customer contact management centers located in Sweden, Finland, Germany, Egypt, Scotland, Denmark, Norway, Hungary, Romania, Slovakia, The Philippines, the People s Republic of China, India and Australia. Revenues from these international operations for the years ended

December 31, 2013, 2012, and 2011, were 38.7%, 40.2%, and 42.8% of consolidated revenues, respectively. We also conduct business from 17 customer contact management centers located in Canada, Costa Rica, El Salvador, Mexico and Brazil. International operations are subject to certain risks common to international activities, such as changes in foreign governmental regulations, tariffs and taxes, import/export license requirements, the imposition of trade barriers, difficulties in staffing and managing international operations, political uncertainties, longer payment cycles, possible greater difficulties in accounts receivable collection, economic instability as well as political and country-specific risks.

Additionally, we have been granted tax holidays in The Philippines, Colombia, Costa Rica and El Salvador which expire at varying dates from 2014 through 2028. In some cases, the tax holidays expire without possibility of renewal. In other cases, we expect to renew these tax holidays, but there are no assurances from the respective foreign governments that they will renew them. This could potentially result in adverse tax consequences. Any one or more of these factors could have an adverse effect on our international operations and, consequently, on our business, financial condition and results of operations.

As of December 31, 2013, we had cash balances of approximately $195.0 million held in international operations, most of which would be subject to additional taxes if repatriated to the United States. Determination of any unrecognized deferred tax liability for temporary differences related to investments in foreign subsidiaries that are essentially permanent in nature is not practicable due to the inherent complexity of the multi-national tax environment in which we operate.

The U.S. Department of the Treasury released the General Explanations of the Administration s Fiscal Year 2014 Revenue Proposals in April 2013. These proposals represent a significant shift in international tax policy, which may materially impact U.S. taxation of international earnings. We continue to monitor these proposals and are currently evaluating their potential impact on our financial condition, results of operations, and cash flows.

The American Taxpayer Relief Act of 2012 was enacted on January 2, 2013, with many provisions retroactively effective to January 1, 2012. This Act, which extended the tax provisions of the Internal Revenue Code Section 954(c)(6) through the end of 2013, permits continued tax deferral on cash movements that would otherwise be taxable immediately in the U.S. While these cash movements are not taxable in the U.S., related foreign withholding taxes of $3.5 million were included in the provision for income taxes in the accompanying Consolidated Statements of Operations for the year ended December 31, 2013.

We conduct business in various foreign currencies and are therefore exposed to market risk from changes in foreign currency exchange rates and interest rates, which could impact our results of operations and financial condition. We are also subject to certain exposures arising from the translation and consolidation of the financial results of our foreign subsidiaries. We enter into foreign currency forward and option contracts to hedge against the effect of certain foreign currency exchange exposures. However, there can be no assurance that we can take actions to mitigate such exposure in the future, and if taken, that such actions will be successful or that future changes in currency exchange rates will not have a material adverse impact on our future operating results. A significant change in the value of the U.S. Dollar against the currency of one or more countries where we operate may have a material adverse effect on our financial condition and results of operations. Additionally, our hedging exposure to counterparty credit risks is not secured by any collateral. Although each of the counterparty financial institutions with which we place hedging contracts are investment grade rated by the national rating agencies as of the time of the placement, we can provide no assurances as to the financial stability of any of our counterparties. If a counterparty to one or more of our hedge transactions were to become insolvent, we would be an unsecured creditor and our exposure at the time would depend on foreign exchange rate movements relative to the contracted foreign exchange rate and whether any gains result that are not realized due to a counterparty default.

The fundamental shift in our industry toward global service delivery markets presents various risks to our business.

Clients continue to require blended delivery models using a combination of onshore and offshore support. Our offshore delivery locations include The Philippines, the People s Republic of China, India, Costa Rica, El Salvador, Mexico and Brazil, and while we have operated in global delivery markets since 1996, there can be no assurance that we will be able to successfully conduct and expand such operations, and a failure to do so could have a material adverse effect on our business, financial condition, and results of operations. The success of our offshore operations will be subject to numerous factors, some of which are beyond our control, including general and regional economic conditions, prices for our services, competition, changes in regulation and other risks. In addition, as with all of our

operations outside of the United States, we are subject to various additional political, economic and market uncertainties (see Our international operations and expansion involve various risks). Additionally, a change in the political environment in the United States or the adoption and enforcement of legislation and regulations curbing the use of offshore customer contact management solutions and services could have a material adverse effect on our business, financial condition and results of operations.

Our global operations expose us to numerous legal and regulatory requirements.

We provide services to our clients customers in 20 countries around the world. Accordingly, we are subject to numerous legal regimes on matters such as taxation, government sanctions, content requirements, licensing, tariffs, government affairs, data privacy and immigration as well as internal and disclosure control obligations. In the U.S., as well as several of the other countries in which we operate, some of our services must comply with various laws and regulations regarding the method and timing of placing outbound telephone calls. Violations of these various laws and regulations could result in liability for monetary damages, fines and/or criminal prosecution and unfavorable publicity. Changes in U.S. federal, state and international laws and regulations, specifically those relating to the outsourcing of jobs to foreign countries as well as recently enacted statutory and regulatory requirements related to derivative transactions, may adversely affect our ability to perform our services at our overseas facilities or could result in additional taxes on such services, or impact our flexibility to execute strategic hedges, thereby threatening or limiting our ability or the financial benefit to continue to serve certain markets at offshore locations, or the risks associated therewith.

Risks Related to Our Employees

Our operations are substantially dependent on our senior management.

Our success is largely dependent upon the efforts, direction and guidance of our senior management. Our growth and success also depend in part on our ability to attract and retain skilled employees and managers and on the ability of our executive officers and key employees to manage our operations successfully. We have entered into employment and non-competition agreements with our executive officers. The loss of any of our senior management or key personnel, or the inability to attract, retain or replace key management personnel in the future, could have a material adverse effect on our business, financial condition and results of operations.

Our inability to attract and retain experienced personnel may adversely impact our business.

Our business is labor intensive and places significant importance on our ability to recruit, train, and retain qualified technical and consultative professional personnel. We generally experience high turnover of our personnel and are continuously required to recruit and train replacement personnel as a result of a changing and expanding work force. Additionally, demand for qualified technical professionals conversant in multiple languages, including English, and/or certain technologies may exceed supply, as new and additional skills are required to keep pace with evolving computer technology. Our ability to locate and train employees is critical to achieving our growth objective. Our inability to attract and retain qualified personnel or an increase in wages or other costs of attracting, training, or retaining qualified personnel could have a material adverse effect on our business, financial condition and results of operations.

Health epidemics could disrupt our business and adversely affect our financial results.

Our customer contact centers typically seat hundreds of employees in one location. Accordingly, an outbreak of a contagious infection in one or more of the markets in which we do business may result in significant worker absenteeism, lower asset utilization rates, voluntary or mandatory closure of our offices and delivery centers, travel restrictions on our employees, and other disruptions to our business. Any prolonged or widespread health epidemic could severely disrupt our business operations and have a material adverse effect on our business, financial condition and results of operations.

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Risks Related to Our Growth Strategy

Our strategy of growing through selective acquisitions and mergers involves potential risks.

We evaluate opportunities to expand the scope of our services through acquisitions and mergers. We may be unable to identify companies that complement our strategies, and even if we identify a company that complements our strategies, we may be unable to acquire or merge with the company. Also, a decrease in the price of our common stock could hinder our growth strategy by limiting growth through acquisitions funded with SYKES stock.

The actual integration of the company may result in additional and unforeseen expenses, and the full amount of anticipated benefits of the integration plan may not be realized. If we are not able to adequately address these challenges, we may be unable to fully integrate the acquired operations into our own, or to realize the full amount of anticipated benefits of the integration of the companies.

Our acquisition strategy involves other potential risks. These risks include:

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

incurring additional indebtedness.

We may incur significant cash and non-cash costs in connection with the continued rationalization of assets resulting from acquisitions.

We may incur a number of non-recurring cash and non-cash costs associated with the continued rationalization of assets resulting from acquisitions relating to the closing of facilities and disposition of assets.

We have substantial goodwill and if it becomes impaired, then our profits would be significantly reduced or eliminated and shareholders equity would be reduced.

We recorded goodwill as a result of the ICT and Alpine acquisitions. On at least an annual basis, we assess whether there has been an impairment in the value of goodwill. If the carrying value of goodwill exceeds its estimated fair value, impairment is deemed to have occurred and the carrying value of goodwill is written down to fair value. This would result in a charge to our operating earnings.

Risks Related to Our Common Stock

Our organizational documents contain provisions that could impede a change in control.

Our Board of Directors is divided into three classes serving staggered three-year terms. The staggered Board of Directors and the anti-takeover effects of certain provisions contained in the Florida Business Corporation Act and in our Articles of Incorporation and Bylaws, including the ability of the Board of Directors to issue shares of preferred stock and to fix the rights and preferences of those shares without shareholder approval, may have the effect of delaying, deferring or preventing an unsolicited change in control. This may adversely affect the market price of our common stock or the ability of shareholders to participate in a transaction in which they might otherwise receive a premium for their shares.

The volatility of our stock price may result in loss of investment.

The trading price of our common stock has been and may continue to be subject to wide fluctuations over short and long periods of time. We believe that market prices of outsourced customer contact management services stocks in general have experienced volatility, which could affect the market price of our common stock regardless of our financial results or performance. We further believe that various factors such as general economic conditions, changes or volatility in the financial markets, changing market conditions in the outsourced customer contact management services industry, quarterly variations in our financial results, the announcement of acquisitions, strategic partnerships, or new product offerings, and changes in financial estimates and recommendations by securities analysts could cause the market price of our common stock to fluctuate substantially in the future.

Failure to adhere to laws, rules and regulations applicable to public companies operating in the U.S. may have an adverse effect on our stock price.

Because we are a publicly traded company, we are subject to certain evolving and expensive federal, state and other rules and regulations relating to, among other things, assessment and maintenance of internal controls and corporate governance. Section 404 of the Sarbanes-Oxley Act of 2002, together with rules and regulations issued by the Securities and Exchange Commission (SEC) require us to furnish, on an annual basis, a report by our management (included elsewhere in this Annual Report on Form 10-K) regarding the effectiveness of our internal control over financial reporting. The report includes, among other things, an assessment of the effectiveness of our internal controls over financial reporting as of the end of our fiscal year and a statement as to whether or not our internal controls over financial reporting are effective. We must include a disclosure of any material weaknesses in our internal control over financial reporting identified by management during the annual assessment. We have in the past discovered, and may potentially in the future discover, areas of internal control over financial reporting which may require improvement. If at any time we are unable to assert that our internal controls over financial reporting are effective, or if our auditors are unable to express an opinion on the effectiveness of our internal controls, our investors could lose confidence in the accuracy and/or completeness of our financial reports, which could have an adverse effect on our stock price.

Additionally, the Dodd-Frank Wall Street Reform and Consumer Protection Act enacted in 2010 subjects us to significant additional executive compensation and corporate governance requirements and disclosures, some of which have yet to be implemented by the SEC. Compliance with these requirements may be costly and adversely affect our business.

Item 1B. Unresolved Staff Comments

There are no material unresolved written comments that were received from the SEC staff 180 days or more before the year ended December 31, 2013 relating to our periodic or current reports filed under the Securities Exchange Act of 1934.

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Item 2. Properties

Our principal executive offices are located in Tampa, Florida, which consists of approximately 68,000 square feet of leased office space. This facility currently serves as the headquarters for senior management and the financial, information technology and administrative departments. In addition to our headquarters and the customer contact management centers (centers) used by our Americas and EMEA segments discussed below, we also have offices in several countries around the world which support our Americas and EMEA segments.

As of December 31, 2013, excluding centers we have exited, we operated 75 centers that are classified as follows:

Multi-Client Centers We own or lease space for these centers and serve multiple clients in each facility;

Managed Centers These facilities are owned or leased by our clients and we staff and manage these sites on behalf of our clients in accordance with facility management contracts; and

Fulfillment Centers We own or lease space for these centers and serve multiple clients in each facility.

As of December 31, 2013, our centers were located in the following countries:

	Multi-Client Centers	Managed Centers	Fulfillment Centers	Total Number of Centers
Americas				
Australia	4			4
Brazil	1			1
Canada	10			10
Costa Rica	4			4
El Salvador	1			1
India	1			1
Mexico	1			1
People s Republic of China	3			3
The Philippines	7			7
United States of America	22			22
Total Americas centers	54			54
EMEA				
Denmark	1			1
Egypt	1			1
Finland	1			1
Germany	4			4
Hungary	1			1
Netherlands		1		1
Norway	2			2
Romania	1			1
Scotland	2		1	3
Slovakia	1			1
Sweden	4		1	5
Total EMEA centers	18	1	2	21
Total centers	72	1	2	75

The leases for our centers have remaining terms ranging from one to twenty years and generally contain renewal options. We believe our existing facilities are suitable and adequate to meet current requirements, and that suitable additional or substitute space will be available as needed to accommodate any physical expansion or any space required due to expiring leases not renewed. We operate from time to time in temporary facilities to accommodate growth before new centers are available. During 2013, our centers, taken as a whole, were utilized at average capacities of approximately 73% and were capable of supporting a higher level of market demand.

Item 3. Legal Proceedings

From time to time, we are involved in legal actions arising in the ordinary course of business. With respect to these matters, we believe that we have adequate legal defenses and/or when possible and appropriate, have provided adequate accruals related to those matters such that the ultimate outcome will not have a material adverse effect on our future financial position or results of operations.

Item 4. Mine Safety Disclosures

Not Applicable.

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PART II

Item 5. Market for the Registrant s Common Equity, Related Shareholder Matters and Issuer Purchases of Securities

Our common stock is quoted on the NASDAQ Global Select Market under the symbol SYKE. The following table sets forth, for the periods indicated, certain information as to the high and low sale prices per share of our common stock as quoted on the NASDAQ Global Select Market.

	High	Low
Year Ended December 31, 2013:		
Fourth Quarter	**$ 23.29**	**$ 17.08**
Third Quarter	**18.27**	**15.59**
Second Quarter	**16.58**	**13.95**
First Quarter	**16.48**	**14.45**
Year Ended December 31, 2012:		
Fourth Quarter	$ 16.39	$ 12.87
Third Quarter	16.52	12.81
Second Quarter	16.52	14.28
First Quarter	18.61	13.62

Holders of our common stock are entitled to receive dividends out of the funds legally available when and if declared by the Board of Directors. We have not declared or paid any cash dividends on our common stock in the past and do not anticipate paying any cash dividends in the foreseeable future.

As of February 12, 2014, there were 871 holders of record of the common stock. We estimate there were approximately 9,900 beneficial owners of our common stock.

Below is a summary of stock repurchases for the quarter ended December 31, 2013 (in thousands, except average price per share).

Period	Total Number of Shares Purchased [1]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under Plans or Programs
October 1, 2013 October 31, 2013		$		1,629
November 1, 2013 November 30, 2013		$		1,629
December 1, 2013 December 31, 2013		$		1,629
Total				**1,629**

[1] All shares purchased as part of the repurchase plan publicly announced on August 18, 2011. Total number of shares approved for repurchase under the 2011 Share Repurchase Plan was 5.0 million with no expiration date. All of the shares available under the repurchase plan publicly announced on August 5, 2002 have been repurchased.

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Five-Year Stock Performance Graph

The following graph presents a comparison of the cumulative shareholder return on the common stock with the cumulative total return on the NASDAQ Computer and Data Processing Services Index, the NASDAQ Telecommunications Index, the Russell 2000 Index, the S&P Small Cap 600 and the SYKES Peer Group (as defined below). The SYKES Peer Group is comprised of publicly traded companies that derive a substantial portion of their revenues from call center, customer care business, have similar business models to SYKES, and are those most commonly compared to SYKES by industry analysts following SYKES. SYKES has updated its Peer Group to include Telepeformance, a publicly-traded France-based global customer care company, which increasingly competes with SYKES in the marketplace. SYKES further added Teleperformance in order for investors to have a broader set of data points from which to better gauge the Peer s share price performance and to substitute for publicly-traded competitors that have either gone private or have been acquired through strategic acquisitions over the past few years. This graph assumes that $100 was invested on December 31, 2008 in SYKES common stock, the NASDAQ Computer and Data Processing Services Index, the NASDAQ Telecommunications Index, the Russell 2000 Index, the S&P Small Cap 600 and SYKES Peer Group, including reinvestment of dividends.

Comparison of Five-Year Cumulative Total Return (in dollars)

New SYKES Peer Group	**Exchange & Ticker Symbol**
Convergys Corp.	NYSE: CVG
StarTek, Inc.	NYSE: SRT
TeleTech Holdings, Inc.	Nasdaq: TTEC
Teleperformance	NYSE Euronext: RCF

Old SYKES Peer Group	**Exchange & Ticker Symbol**
Convergys Corp.	NYSE: CVG
StarTek, Inc.	NYSE: SRT
TeleTech Holdings, Inc.	Nasdaq: TTEC

There can be no assurance that SYKES stock performance will continue into the future with the same or similar trends depicted in the graph above. SYKES does not make or endorse any predictions as to the future stock performance.

The information contained in the Stock Performance Graph section 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 Exchange Act of 1934.

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Item 6. Selected Financial Data

Selected Financial Data

The following selected financial data has been derived from our consolidated financial statements.

We sold our operations in Spain during 2012 and Argentina in 2010. Accordingly, we have reclassified the selected financial data for all periods presented to reflect these results as discontinued operations in accordance with Accounting Standards Codification 205-20 *Discontinued Operations* .

The information below should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations, and the accompanying Consolidated Financial Statements and related notes thereto.

	Years Ended December 31,				
(in thousands, except per share data)	**2013**	**2012**	**2011**	**2010**	**2009**
Income Statement Data: [1]					
Revenues	**$ 1,263,460**	$ 1,127,698	$ 1,169,267	$ 1,121,911	$ 769,353
Income from continuing operations [2,3,4,6,8,9,10,11]	**53,527**	47,779	65,535	37,981	71,172
Income from continuing operations, net of taxes [2,3,4,6,8,9,10,11]	**37,260**	39,950	52,314	26,115	44,667
(Loss) from discontinued operations, net of taxes [5]		(820)	(4,532)	(12,893)	(1,456)
Gain (loss) on sale of discontinued operations, net of taxes [7]		(10,707)	559	(23,495)	
Net income (loss)	**37,260**	28,423	48,341	(10,273)	43,211
Net Income (Loss) Per Common Share: [1]					
Basic:					
Continuing operations [2,3,4,6,8,9,10,11]	**$ 0.87**	$ 0.93	$ 1.15	$ 0.57	$ 1.10
Discontinued operations [5,7]		(0.27)	(0.09)	(0.79)	(0.04)
Net income (loss) per common share	**$ 0.87**	$ 0.66	$ 1.06	$ (0.22)	$ 1.06
Diluted:					
Continuing operations [2,3,4,6,8,9,10,11]	**$ 0.87**	$ 0.93	$ 1.15	$ 0.57	$ 1.09
Discontinued operations [5,7]		(0.27)	(0.09)	(0.79)	(0.04)
Net income (loss) per common share	**$ 0.87**	$ 0.66	$ 1.06	$ (0.22)	$ 1.05
Weighted Average Common Shares: [1]					
Basic	**42,877**	43,105	45,506	46,030	40,707
Diluted	**42,925**	43,148	45,607	46,133	41,026
Balance Sheet Data: [1,12]					
Total assets	**$ 950,261**	$ 908,689	$ 769,130	$ 794,600	$ 672,471
Long-term debt	**98,000**	91,000			
Shareholders equity	**635,704**	606,264	573,566	583,195	450,674

[1] The amounts for 2013 and 2012 include the Alpine acquisition completed on August 20, 2012. See Note 2, Acquisition of Alpine Access, Inc., for further information. The amounts for 2011 and 2010 include the ICT acquisition completed on February 2, 2010.

(2) The amounts for 2013 include $2.1 million in Alpine acquisition-related costs and a $0.2 million net loss on disposal of property and equipment.

(3) The amounts for 2012 include $4.8 million in Alpine acquisition-related costs, a $0.4 million net loss on the disposal of property and equipment, a $0.1 million gain on insurance settlement and a $0.4 million impairment of long-lived assets.

(4) The amounts for 2011 include $11.8 million in ICT acquisition-related costs, a $3.7 million net gain on the sale of the land and building in Minot, North Dakota, a $0.5 million net gain on insurance settlement and a $1.7 million impairment of long-lived assets.

(5) The amounts for all periods presented include the operations in Spain and Argentina, which were sold in 2012 and 2010, respectively. See Note 3, Discontinued Operations, for further information.

(6) The amounts for 2013, 2012, 2011 and 2010 include $0.3 million, $1.8 million, $5.3 million and $11.0 million, respectively, related to the exit plans. See Note 4, Costs Associated with Exit or Disposal Activities, for further information.

(7) The amounts include the gain (loss) on sale of the operations in Spain in 2012 and Argentina in 2011 and 2010. See Note 3, Discontinued Operations, for further information.

(8) The amounts for 2011 and 2010 each include a $0.4 million recovery of regulatory penalties.

(9) The amounts for 2010 include $46.3 million in ICT acquisition-related costs, a $3.3 million impairment of long-lived assets, a $2.0 million net gain on insurance settlement and a $0.4 million impairment of goodwill and intangibles.

(10) The amounts for 2009 include $3.3 million in ICT acquisition-related costs and a $1.9 million impairment of goodwill and intangibles.

(11) The amounts for 2009 include a $14.7 million charge to provision for income taxes related to our change of intent in the fourth quarter of 2009 regarding the permanent reinvestment of foreign subsidiaries accumulated and undistributed earnings and a $2.1 million impairment loss on our investment in SHPS.

(12) The Company has not declared cash dividends per common share for any of the five years presented.

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Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations

This discussion should be read in conjunction with the accompanying Consolidated Financial Statements and the notes thereto that appear elsewhere in this Annual Report on Form 10-K. The following discussion and analysis compares the year ended December 31, 2013 (2013) to the year ended December 31, 2012 (2012), and 2012 to the year ended December 31, 2011 (2011).

The following discussion and analysis and other sections of this document contain forward-looking statements that involve risks and uncertainties. Words such as may, expects, projects, anticipates, intends, plans, believes, seeks, estimates, variations of such words, and similar expressions are intended to identify such forward-looking statements. Similarly, statements that describe our future plans, objectives, or goals also are forward-looking statements. Future events and actual results could differ materially from the results reflected in these forward-looking statements, as a result of certain of the factors set forth below and elsewhere in this analysis and in this Annual Report on Form 10-K for the year ended December 31, 2013 in Item 1.A., Risk Factors.

Executive Summary

We provide comprehensive customer contact management solutions and services to a wide range of clients including Fortune 1000 companies, medium-sized businesses and public institutions around the world, primarily in the communications, financial services, technology/consumer, transportation and leisure and healthcare industries. We serve our clients through two geographic operating regions: the Americas (United States, Canada, Latin America, Australia and the Asia Pacific Rim) and EMEA (Europe, the Middle East and Africa). Our Americas and EMEA groups primarily provide customer contact management services (with an emphasis on inbound technical support and customer service), which include customer assistance, healthcare and roadside assistance, technical support and product sales to our clients customers. These services, which represented 98.2% of consolidated revenues in 2013, are delivered through multiple communication channels encompassing phone, e-mail, social media, text messaging and chat. We also provide various enterprise support services in the United States (U.S.) that include services for our clients internal support operations, from technical staffing services to outsourced corporate help desk services. In Europe, we also provide fulfillment services including multilingual sales order processing via the Internet and phone, payment processing, inventory control, product delivery, and product returns handling. Our complete service offering helps our clients acquire, retain and increase the lifetime value of their customer relationships. We have developed an extensive global reach with customer contact management centers throughout the United States, Canada, Europe, Latin America, Australia, the Asia Pacific Rim and Africa.

Revenues from these services is recognized as the services are performed, which is based on either a per minute, per hour, per call, per transaction or per time and material basis, under a fully executed contractual agreement, and we record reductions to revenues for contractual penalties and holdbacks for a failure to meet specified minimum service levels and other performance based contingencies. Revenue recognition is limited to the amount that is not contingent upon delivery of any future product or service or meeting other specified performance conditions. Product sales, accounted for within our fulfillment services, are recognized upon shipment to the customer and satisfaction of all obligations.

Direct salaries and related costs include direct personnel compensation, severance, statutory and other benefits associated with such personnel and other direct costs associated with providing services to customers.

General and administrative costs include administrative, sales and marketing, occupancy and other costs.

Depreciation, net represents depreciation on property and equipment, net of the amortization of deferred property grants.

Amortization of intangibles represents amortization of finite-lived intangible assets.

The net gain (loss) on disposal of property and equipment represents the difference between the amount of proceeds received, if any, and the carrying value of the asset.

The impairment of long-lived assets represents the amount by which the carrying value of the asset exceeds the estimated fair value.

Interest income primarily relates to interest earned on cash and cash equivalents.

Interest (expense) includes interest on outstanding borrowings and commitment fees charged on the unused portion of our revolving credit facility, as more fully described in this Item 7, under Liquidity and Capital Resources.

Other (expense) includes gains and losses on foreign currency derivative instruments not designated as hedges, foreign currency transaction gains and losses, gains and losses on the liquidation of foreign subsidiaries and other miscellaneous income (expense).

Our effective tax rate for the periods presented includes the effects of state income taxes, net of federal tax benefit, tax holidays, valuation allowance changes, foreign rate differentials, foreign withholding and other taxes, and permanent differences.

Acquisition of Alpine Access, Inc.

On August 20, 2012, we completed the acquisition of Alpine Access, Inc. (Alpine), a Delaware corporation and an industry leader in the at-home agent space recruiting, training, managing and delivering award-winning customer contact management services through a secured and proprietary virtual call center environment with its operations located in the United States and Canada. We refer to such acquisition herein as the Alpine acquisition.

The Company acquired Alpine to: create significant competitive differentiation for quality, speed to market, scalability and flexibility driven by proprietary, internally-developed software, systems, processes and other intellectual property which uniquely overcome the challenges of the at-home delivery model; strengthen the Company s current service portfolio and go-to-market offering while expanding the breadth of clients with minimal client overlap; broaden the addressable market opportunity within existing and new verticals as well as clients; expand the addressable pool of skilled labor; leverage operational best practices across the Company s global platform, with the potential to convert more of its fixed cost to variable cost; and further enhance the growth and margin profile of the Company to drive shareholder value. This resulted in the Company paying a substantial premium for Alpine resulting in the recognition of goodwill.

The total purchase price of $149.0 million was funded by $41.0 million in cash on hand and borrowings of $108.0 million under our credit agreement with KeyBank National Association (KeyBank), dated May 3, 2012. See Liquidity & Capital Resources later in this Item 7 and Note 20, Borrowings, of Notes to Consolidated Financial Statements for further information.

The results of operations of Alpine have been reflected in the accompanying Consolidated Statements of Operations since August 20, 2012.

Discontinued Operations

In March 2012, we sold our operations in Spain (the Spanish operations), pursuant to an asset purchase agreement dated March 29, 2012 and a stock purchase agreement dated March 30, 2012. We have reflected the operating results related to the operations in Spain as discontinued operations in the accompanying Consolidated Statements of Operations for all periods presented. This business was historically reported as part of the EMEA segment.

See Results of Operations Discontinued Operations later in this Item 7 for more information. Unless otherwise noted, discussions below pertain only to our continuing operations.

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Results of Operations

The following table sets forth, for the years indicated, the amounts reflected in the accompanying Consolidated Statements of Operations as well as the changes between the respective years:

(in thousands)	2013	2012	2013 $ Change	2011	2012 $ Change
	Years Ended December 31,				
Revenues	**$ 1,263,460**	$ 1,127,698	$ 135,762	$ 1,169,267	$ (41,569)
Operating expenses:					
Direct salaries and related costs	**855,266**	737,952	117,314	763,930	(25,978)
General and administrative	**297,519**	290,373	7,146	287,033	3,340
Depreciation, net	**42,084**	40,369	1,715	46,111	(5,742)
Amortization of intangibles	**14,863**	10,479	4,384	7,961	2,518
Net (gain) loss on disposal of property and equipment	**201**	391	(190)	(3,021)	3,412
Impairment of long-lived assets		355	(355)	1,718	(1,363)
Total operating expenses	**1,209,933**	1,079,919	130,014	1,103,732	(23,813)
Income from continuing operations	**53,527**	47,779	5,748	65,535	(17,756)
Other income (expense):					
Interest income	**866**	1,458	(592)	1,352	106
Interest (expense)	**(2,307)**	(1,547)	(760)	(1,132)	(415)
Other (expense)	**(761)**	(2,533)	1,772	(2,099)	(434)
Total other income (expense)	**(2,202)**	(2,622)	420	(1,879)	(743)
Income from continuing operations before income taxes	**51,325**	45,157	6,168	63,656	(18,499)
Income taxes	**14,065**	5,207	8,858	11,342	(6,135)
Income from continuing operations, net of taxes	**37,260**	39,950	(2,690)	52,314	(12,364)
(Loss) from discontinued operations, net of taxes		(820)	820	(4,532)	3,712
Gain (loss) on sale of discontinued operations, net of taxes		(10,707)	10,707	559	(11,266)
Net income	**$ 37,260**	$ 28,423	$ 8,837	$ 48,341	$ (19,918)

The following table sets forth, for the years indicated, the amounts presented in the accompanying Consolidated Statements of Operations as a percentage of revenues:

	2013	2012	2011
	Years Ended December 31,		
Percentage of Revenue:			
Revenues	**100.0%**	100.0%	100.0%
Direct salaries and related costs	**67.7**	65.4	65.3
General and administrative	**23.5**	25.8	24.6
Depreciation, net	**3.3**	3.6	3.9
Amortization of intangibles	**1.2**	0.9	0.7
Net (gain) loss on disposal of property and equipment	**0.0**	0.0	(0.3)
Impairment of long-lived assets		0.0	0.1

Income from continuing operations	**4.3**	4.3	5.7
Interest income	**0.1**	0.1	0.1
Interest (expense)	**(0.2)**	(0.1)	(0.1)
Other (expense)	**(0.1)**	(0.2)	(0.2)
Income from continuing operations before income taxes	**4.1**	4.1	5.5
Income taxes	**1.1**	0.5	1.0
Income from continuing operations, net of taxes	**3.0**	3.6	4.5
(Loss) from discontinued operations, net of taxes		(0.1)	(0.3)
Gain (loss) on sale of discontinued operations, net of taxes		(0.9)	0.0
Net income (loss)	**3.0%**	2.6%	4.2%

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2013 Compared to 2012

Revenues

	Years Ended December 31,				
	2013		2012		
(in thousands)	Amount	% of Revenues	Amount	% of Revenues	$ Change
Americas	**$ 1,050,813**	**83.2%**	$ 947,147	84.0%	$ 103,666
EMEA	**212,647**	**16.8%**	180,551	16.0%	32,096
Consolidated	**$ 1,263,460**	**100.0%**	$ 1,127,698	100.0%	$ 135,762

Consolidated revenues increased $135.8 million, or 12.0%, in 2013 from 2012.

The increase in Americas revenues was primarily due to new contract sales of $80.3 million and Alpine acquisition revenues of $68.6 million, partially offset by end-of-life client programs of $25.4 million, lower volumes from existing contracts of $5.9 million and the negative foreign currency impact of $13.9 million. Revenues from our offshore operations represented 43.0% of Americas revenues, compared to 47.1% in 2012. While operating margins generated offshore are generally comparable to those in the United States, our ability to maintain these offshore operating margins longer term is difficult to predict due to potential increased competition for the available workforce, the trend of higher occupancy costs and costs of functional currency fluctuations in offshore markets. We weight these factors in our continual focus to re-price or replace certain sub-profitable target client programs.

The increase in EMEA s revenues was primarily due to new contract sales of $28.0 million, higher volumes from existing contracts of $6.3 million and the positive foreign currency impact of $4.5 million, partially offset by end-of-life client programs of $6.7 million.

On a consolidated basis, we had 42,200 brick-and-mortar seats as of December 31, 2013, an increase of 2,900 seats from 2012. The capacity utilization rate on a combined basis was 73% compared to 75% in 2012. This decrease was due partly to a delay in the timing of capacity rationalization, coupled with the increase in seats driven by facility upgrades and transfers, and growth in new and existing client programs that are in the process of ramping up.

On a geographic segment basis, 36,100 seats were located in the Americas, an increase of 2,100 seats from 2012, and 6,100 seats were located in EMEA, an increase of 800 seats from 2012. The consolidated offshore seat count as of December 31, 2013 was 23,400, or 55%, of our total seats, an increase of 1,400 seats, or 6%, from 2012. The capacity utilization rate for the Americas as of December 31, 2013 was 70%, compared to 74% as of December 31, 2012, down primarily due to a delay in the timing of capacity rationalization, coupled with the increase in seats as previously mentioned. The capacity utilization rate for EMEA as of December 31, 2013 was 87%, compared to 82% as of December 31, 2012, up primarily due to an increase in demand from new and existing clients. We strive to attain an 85% capacity utilization metric at each of our locations.

The Company plans to add approximately 1,200 seats on a gross basis in 2014. Approximately 50% of the new seat count is expected to be added in the first half of 2014, with the remainder in the second half. Total seat count on a net basis for the full year, however, is expected to decrease by approximately 1,200 seats as we continue to rationalize excess capacity.

Direct Salaries and Related Costs

	Years Ended December 31,					
	2013		2012			
(in thousands)	Amount	% of Revenues	Amount	% of Revenues	$ Change	Change in % of Revenues
Americas	**$ 699,797**	**66.6%**	$ 609,836	64.4%	$ 89,961	2.2%
EMEA	**155,469**	**73.1%**	128,116	71.0%	27,353	2.1%

Consolidated	**$ 855,266**	**67.7%**	$ 737,952	65.4%	$ 117,314	2.3%

The increase of $117.3 million in direct salaries and related costs included a positive foreign currency impact of $6.4 million in the Americas and a negative foreign currency impact of $3.3 million in EMEA.

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The increase in Americas direct salaries and related costs, as a percentage of revenues, was primarily attributable to higher compensation costs of 1.9% driven by the ramp up for new and existing client programs principally in the communications vertical, partially offset by lower demand within the financial services and healthcare verticals without a commensurate reduction in labor costs, higher auto tow claim costs of 0.1% due to an increase in the average length of tows without a commensurate increase in fees at our Canadian roadside assistance operations and higher other costs of 0.2%.

The increase in EMEA s direct salaries and related costs, as a percentage of revenues, was primarily attributable to higher compensation costs of 4.4% driven by the ramp up for new and existing client programs principally in the communications vertical, partially offset by lower fulfillment materials costs of 0.7%, lower billable supply costs of 0.5%, lower severance-related costs of 0.4% due to the closure of certain sites in connection with the Fourth Quarter 2011 Exit Plan, lower recruiting costs of 0.2%, lower communications costs of 0.2%, lower travel costs of 0.2% and lower other costs of 0.1%.

General and Administrative

	Years Ended December 31,					
	2013		2012			
(in thousands)	Amount	% of Revenues	Amount	% of Revenues	$ Change	Change in % of Revenues
Americas	**$ 204,321**	**19.4%**	$ 196,080	20.7%	$ 8,241	-1.3%
EMEA	**46,667**	**21.9%**	43,004	23.8%	3,663	-1.9%
Corporate	**46,531**		51,289		(4,758)	
Consolidated	**$ 297,519**	**23.5%**	$ 290,373	25.7%	$ 7,146	-2.2%

The increase of $7.1 million in general and administrative expenses included a positive foreign currency impact of $1.5 million in the Americas and a negative foreign currency impact of $0.8 million in EMEA.

The decrease in Americas general and administrative expenses, as a percentage of revenues, was primarily attributable to lower compensation costs of 0.6%, lower facility-related costs of 0.4% due to rationalization of facilities, lower equipment and maintenance costs of 0.2% and lower other costs of 0.1%.

The decrease in EMEA s general and administrative expenses, as a percentage of revenues, was primarily attributable to lower compensation costs of 0.9%, lower facility-related costs of 0.3%, lower communications costs of 0.3%, lower severance-related costs of 0.2% principally all due to the closure of certain sites in connection with the Fourth Quarter 2011 Exit Plan and lower other costs of 0.2%.

The decrease of $4.8 million in Corporate s general and administrative expenses was primarily attributable to lower merger and integration costs of $3.5 million, lower consulting costs of $1.7 million, lower legal and professional fees of $1.0 million, lower travel costs of $0.3 million, lower equipment and maintenance costs of $0.3 million, lower communications costs of $0.2 million, lower training costs of $0.2 million and lower other costs of $0.3 million, partially offset by higher compensation costs of $2.1 million and higher facility-related costs of $0.6 million.

Depreciation and Amortization

	Years Ended December 31,					
	2013		2012			
(in thousands)	Amount	% of Revenues	Amount	% of Revenues	$ Change	Change in % of Revenues
Depreciation, net:						
Americas	**$ 37,818**	**3.6%**	$ 36,494	3.9%	$ 1,324	-0.3%
EMEA	**4,266**	**2.0%**	3,875	2.1%	391	-0.1%
Consolidated	**$ 42,084**	**3.3%**	$ 40,369	3.6%	$ 1,715	-0.3%

Amortization of intangibles:						
Americas	**$ 14,863**	**1.4%**	$ 10,479	1.1%	$ 4,384	0.3%
EMEA		**0.0%**		0.0%		0.0%
Consolidated	**$ 14,863**	**1.2%**	$ 10,479	0.9%	$ 4,384	0.3%

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The increase in depreciation was primarily due to capital expenditures for new seat additions, maintenance and systems infrastructure.

The increase in amortization was primarily due to the August 2012 Alpine acquisition.

Net (Gain) Loss on Disposal of Property and Equipment and Impairment of Long-Lived Assets

	Years Ended December 31,					
	2013		2012			
(in thousands)	Amount	% of Revenues	Amount	% of Revenues	$ Change	Change in % of Revenues
Net (gain) loss on disposal of property and equipment:						
Americas	**$ 8**	**0.0%**	$ 323	0.0%	$ (315)	0.0%
EMEA	**193**	**0.1%**	68	0.0%	125	0.1%
Consolidated	**$ 201**	**0.0%**	$ 391	0.0%	$ (190)	0.0%
Impairment of long-lived assets:						
Americas	**$**	**0.0%**	$ 355	0.0%	$ (355)	0.0%
EMEA		**0.0%**		0.0%		0.0%
Consolidated	**$**	**0.0%**	$ 355	0.0%	$ (355)	0.0%

See Note 5, Fair Value, of the Notes to Consolidated Financial Statements for further information regarding the impairment of long-lived assets.

Other Income (Expense)

(in thousands)	Years Ended December 31, 2013	2012	$ Change
Interest income	**$ 866**	$ 1,458	$ (592)
Interest (expense)	**$ (2,307)**	$ (1,547)	$ (760)
Other (expense):			
Foreign currency transaction gains (losses)	**$ (5,962)**	$ (2,856)	$ (3,106)
Gains (losses) on foreign currency derivative instruments not designated as hedges	**4,216**	(295)	4,511
Gains (losses) on liquidation of foreign subsidiaries		(582)	582
Other miscellaneous income (expense)	**985**	1,200	(215)
Total other (expense)	**$ (761)**	$ (2,533)	$ 1,772

The decrease in interest income reflects lower average invested balances of interest bearing investments in cash and cash equivalents in 2013 compared to 2012.

The increase in interest (expense) reflects higher average outstanding borrowings primarily related to the August 2012 Alpine acquisition.

Other (expense) excludes the cumulative translation effects and unrealized gains (losses) on financial derivatives that are included in Accumulated other comprehensive income in shareholders equity in the accompanying Consolidated Balance Sheets.

Income Taxes

(in thousands)	Years Ended December 31, 2013	2012	$ Change
Income from continuing operations before income taxes	**$ 51,325**	$ 45,157	$ 6,168
Income taxes	**$ 14,065**	$ 5,207	$ 8,858
			% Change
Effective tax rate	**27.4%**	11.5%	15.9%

The increase in the effective tax rate in 2013 compared to 2012 is primarily due to withholding taxes on offshore cash movements, U.S. taxation of offshore gains on derivatives and foreign exchange, tax benefits recognized in 2012 as a result of the Alpine acquisition and the fluctuations in earnings among the various jurisdictions in which we operate.

In 2013, we executed offshore cash movements to take advantage of The American Taxpayer Relief Act of 2012 (the Act) enacted on January 2, 2013, with retroactive application to January 1, 2012. This Act, which extended the tax provisions of the Internal Revenue Code Section 954(c)(6) through the end of 2013, permits continued tax deferral on such movements that would otherwise be taxable immediately in the U.S. While these cash movements are not taxable in the U.S., related foreign withholding taxes of $3.5 million were included in the provision for income taxes in the accompanying Consolidated Statement of Operations for the year ended December 31, 2013.

Prior to the passage of the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010, we determined that we intended to distribute all of the current year and future years earnings of a non-U.S. subsidiary to its foreign parent. Withholding taxes of $0.6 million and $0.8 million related to this distribution are included in the provision for income taxes in the accompanying Consolidated Statements of Operations for the years ended December 31, 2013 and 2012, respectively.

Gain (Loss) from Discontinued Operations

	Years Ended December 31, 2013		2012			
(in thousands)	Amount	% of Revenues	Amount	% of Revenues	$ Change	Change in % of Revenues
(Loss) from discontinued operations, net of taxes						
Americas	**$**	**0.0%**	$	0.0%	$	0.0%
EMEA		**0.0%**	(820)	-0.5%	820	0.5%
Consolidated	**$**	**0.0%**	$ (820)	-0.1%	$ 820	0.1%
Gain (loss) on sale of discontinued operations, net of taxes						
Americas	**$**	**0.0%**	$ (10,707)	-1.1%	$ 10,707	1.1%
EMEA		**0.0%**		0.0%		0.0%
Consolidated	**$**	**0.0%**	$ (10,707)	-0.9%	$ 10,707	0.9%

In 2012, (loss) from discontinued operations and the (loss) on sale of discontinued operations related to the sale of our operations in Spain in March 2012. There was no tax impact on either the (loss) from discontinued operations or the (loss) on sale of discontinued operations.

2012 Compared to 2011

Revenues

	Years Ended December 31, 2012		2011		
(in thousands)	Amount	% of Revenues	Amount	% of Revenues	$ Change
Americas	$ 947,147	84.0%	$ 963,142	82.4%	$ (15,995)
EMEA	180,551	16.0%	206,125	17.6%	(25,574)
Consolidated	$ 1,127,698	100.0%	$ 1,169,267	100.0%	$ (41,569)

Consolidated revenues decreased $41.6 million, or 3.6%, in 2012 from 2011.

The decrease in Americas revenues was primarily due to end-of-life client programs of $85.9 million and lower volumes from existing contracts of $35.7 million, partially offset by new contract sales of $64.5 million, Alpine acquisition revenues of $40.6 million and the positive foreign currency impact of $0.5 million. Revenues from our offshore operations represented 47.1% of Americas revenues, compared to 47.8% in 2011. While operating margins generated offshore are generally comparable to those in the United States, our ability to maintain these offshore

operating margins longer term is difficult to predict due to potential increased competition for the available workforce, the trend of higher occupancy costs and costs of functional currency fluctuations in offshore markets. We weight these factors in our continual focus to re-price or replace certain sub-profitable target client programs.

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The decrease in EMEA s revenues was primarily due to end-of-life client programs of $32.7 million, lower volumes from existing contracts of $0.5 million and the negative foreign currency impact of $11.7 million, partially offset by new contract sales of $19.3 million.

Direct Salaries and Related Costs

	Years Ended December 31,					
	2012		2011			
(in thousands)	Amount	% of Revenues	Amount	% of Revenues	$ Change	Change in % of Revenues
Americas	$ 609,836	64.4%	$ 611,783	63.5%	$ (1,947)	0.9%
EMEA	128,116	71.0%	152,147	73.8%	(24,031)	-2.8%
Consolidated	$ 737,952	65.4%	$ 763,930	65.3%	$ (25,978)	0.1%

The decrease of $26.0 million in direct salaries and related costs included a negative foreign currency impact of $1.1 million in the Americas and a positive foreign currency impact of $8.2 million in EMEA.

The increase in Americas direct salaries and related costs, as a percentage of revenues, was primarily attributable to higher compensation costs of 0.8%, higher travel costs of 0.1% and higher other costs of 0.2%, partially offset by lower communication costs of 0.2%.

The decrease in EMEA s direct salaries and related costs, as a percentage of revenues, was primarily attributable to lower severance-related and compensation costs of 2.6% due to a workforce reduction in connection with the Fourth Quarter 2011 Exit Plan, lower billable supply costs of 0.3% and lower other costs of 0.4%, partially offset by higher fulfillment materials costs of 0.5%.

General and Administrative

	Years Ended December 31,					
	2012		2011			
(in thousands)	Amount	% of Revenues	Amount	% of Revenues	$ Change	Change in % of Revenues
Americas	$ 196,080	20.7%	$ 188,398	19.6%	$ 7,682	1.1%
EMEA	43,004	23.8%	52,189	25.3%	(9,185)	-1.5%
Corporate	51,289		46,446		4,843	
Consolidated	$ 290,373	25.7%	$ 287,033	24.5%	$ 3,340	1.2%

The increase of $3.3 million in general and administrative expenses included a negative foreign currency impact of $0.3 million in the Americas and a positive foreign currency impact of $2.7 million in EMEA.

The increase in Americas general and administrative expenses, as a percentage of revenues, was primarily attributable to higher compensation costs of 0.4% principally related to higher wage rates, higher facility-related costs of 0.2% principally from the expansion of U.S. facilities and lease termination costs in connection with the Fourth Quarter 2011 Exit Plan, higher software maintenance of 0.2%, higher legal and professional fees of 0.1%, higher taxes of 0.1% and higher other costs of 0.3%, partially offset by lower equipment and maintenance costs of 0.2%.

The decrease in EMEA s general and administrative expenses, as a percentage of revenues, was primarily attributable to lower severance-related costs of 0.8% and lower facility-related costs of 0.5% due to the closure of certain sites in connection with the Fourth Quarter 2011 Exit Plan, lower equipment and maintenance costs of 0.2%, lower legal and professional fees of 0.2% and lower other costs of 0.1%, partially offset by higher communications costs of 0.2% and higher compensation costs of 0.1%.

The increase of $4.8 million in Corporate s general and administrative expenses was primarily attributable to higher merger and integration costs of $2.9 million, higher compensation costs of $1.5 million, higher legal and professional fees of $1.1 million, higher software maintenance costs of $0.3 million and higher other costs of $0.2 million, partially offset by lower charitable contributions of $1.2 million.

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Depreciation and Amortization

	Years Ended December 31,					
	2012		2011			
(in thousands)	Amount	% of Revenues	Amount	% of Revenues	$ Change	Change in % of Revenues
Depreciation, net:						
Americas	$ 36,494	3.9%	$ 41,059	4.3%	$ (4,565)	-0.4%
EMEA	3,875	2.1%	5,052	2.5%	(1,177)	-0.4%
Consolidated	$ 40,369	3.6%	$ 46,111	3.9%	$ (5,742)	-0.3%
Amortization of intangibles:						
Americas	$ 10,479	1.1%	$ 7,961	0.8%	$ 2,518	0.3%
EMEA		0.0%		0.0%		0.0%
Consolidated	$ 10,479	0.9%	$ 7,961	0.7%	$ 2,518	0.2%

The decrease in depreciation was primarily due to the continued use of fully depreciated assets and the closure of certain sites in connection with the Fourth Quarter 2011 Exit Plan.

The increase in amortization was primarily due to the August 2012 Alpine acquisition.

Net (Gain) Loss on Disposal of Property and Equipment and Impairment of Long-Lived Assets

	Years Ended December 31,					
	2012		2011			
(in thousands)	Amount	% of Revenues	Amount	% of Revenues	$ Change	Change in % of Revenues
Net (gain) loss on disposal of property and equipment:						
Americas	$ 323	0.0%	$ (3,030)	-0.3%	$ 3,353	0.3%
EMEA	68	0.0%	9	0.0%	59	0.0%
Consolidated	$ 391	0.0%	$ (3,021)	-0.3%	$ 3,412	0.3%
Impairment of long-lived assets:						
Americas	$ 355	0.0%	$ 1,244	0.1%	$ (889)	-0.1%
EMEA		0.0%	474	0.2%	(474)	-0.2%
Consolidated	$ 355	0.0%	$ 1,718	0.1%	$ (1,363)	-0.1%

The net (gain) on disposal of property and equipment in 2011 primarily related to the sale of land and a building located in Minot, North Dakota.

See Note 5, Fair Value, of the Notes to Consolidated Financial Statements for further information regarding impairment of long-lived assets.

Other Income (Expense)

	Years Ended December 31,		
(in thousands)	2012	2011	$ Change

Interest income	$ 1,458	$ 1,352	$ 106
Interest (expense)	$ (1,547)	$ (1,132)	$ (415)
Other (expense):			
Foreign currency transaction gains (losses)	$ (2,856)	$ (749)	$ (2,107)
Gains (losses) on foreign currency derivative instruments not designated as hedges	(295)	(1,444)	1,149
Gains (losses) on liquidation of foreign subsidiaries	(582)		(582)
Other miscellaneous income (expense)	1,200	94	1,106
Total other (expense)	$ (2,533)	$ (2,099)	$ (434)

Interest income remained relatively unchanged in 2012 from 2011.

The increase in interest (expense) reflects higher average outstanding borrowings primarily related to the August 2012 Alpine acquisition.

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Other (expense) excludes the cumulative translation effects and unrealized gains (losses) on financial derivatives that are included in Accumulated other comprehensive income in shareholders equity in the accompanying Condensed Consolidated Balance Sheets.

Income Taxes

(in thousands)	Years Ended December 31, 2012	2011	$ Change
Income from continuing operations before income taxes	$ 45,157	$ 63,656	$ (18,499)
Income taxes	$ 5,207	$ 11,342	$ (6,135)
			% Change
Effective tax rate	11.5%	17.8%	-6.3%

The decrease in the effective tax rate resulted primarily from integration and transaction costs related to the Alpine acquisition, which lowered income in a high tax jurisdiction.

Prior to the passage of the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010, we determined that we intended to distribute all of the current year and future years earnings of a non-U.S. subsidiary to its foreign parent. Withholding taxes of $0.8 million and $0.9 million related to this distribution are included in the provision for income taxes in the accompanying Consolidated Statement of Operations for 2012 and 2011, respectively.

Gain (Loss) from Discontinued Operations

	Years Ended December 31, 2012		2011			
(in thousands)	Amount	% of Revenues	Amount	% of Revenues	$ Change	Change in % of Revenues
(Loss) from discontinued operations, net of taxes						
Americas	$	0.0%	$	0.0%	$	0.0%
EMEA	(820)	-0.5%	(4,532)	-2.2%	3,712	1.7%
Consolidated	$ (820)	-0.1%	$ (4,532)	-0.4%	$ 3,712	0.3%
Gain (loss) on sale of discontinued operations, net of taxes						
Americas	$ (10,707)	-1.1%	$ 559	0.1%	$ (11,266)	-1.2%
EMEA		0.0%		0.0%		0.0%
Consolidated	$ (10,707)	-0.9%	$ 559	0.0%	$ (11,266)	-0.9%

In 2012, the (loss) from discontinued operations and the (loss) on sale of discontinued operations related to the sale of our operations in Spain in March 2012. In 2011, the net gain on sale of discontinued operations related to the sale of our operations in Argentina resulted from the reversal of the accrued liability related to the expiration of the indemnification to the purchaser for the possible loss of a specific client business. There was no tax impact on either the (loss) from discontinued operations or the (loss) on sale of discontinued operations.

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Quarterly Results

The following information presents our unaudited quarterly operating results from continuing operations for 2013 and 2012. During 2012, we sold our operations in Spain. Accordingly, we have reclassified the selected financial data for all periods presented to reflect these results as discontinued operations in accordance with Accounting Standards Codification 205-20 *Discontinued Operations*. The data has been prepared on a basis consistent with the accompanying Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K, and includes all adjustments, consisting of normal recurring accruals, that we consider necessary for a fair presentation thereof.

(in thousands, except per share data)	12/31/2013	9/30/2013	6/30/2013	3/31/2013	12/31/2012	9/30/2012	6/30/2012	3/31/2012
Revenues [1]	**$ 335,338**	**$ 322,143**	**$ 304,735**	**$ 301,244**	$ 304,272	$ 280,526	$ 264,802	$ 278,098
Operating expenses:								
Direct salaries and related costs [1,2,3]	**226,418**	**215,001**	**210,141**	**203,706**	201,194	183,628	174,630	178,500
General and administrative [1,4,5]	**74,612**	**73,910**	**75,273**	**73,724**	72,803	75,548	69,708	72,314
Depreciation, net [1]	**11,221**	**10,677**	**10,017**	**10,169**	10,336	9,583	9,816	10,634
Amortization of intangibles [1]	**3,692**	**3,699**	**3,713**	**3,759**	3,835	2,774	2,009	1,861
Net (gain) loss on disposal of property and equipment	**141**	**77**	**(26)**	**9**	308	199	(66)	(50)
Impairment of long-lived assets					84	122		149
Total operating expenses	**316,084**	**303,364**	**299,118**	**291,367**	288,560	271,854	256,097	263,408
Income from continuing operations	**19,254**	**18,779**	**5,617**	**9,877**	15,712	8,672	8,705	14,690
Other income (expense):								
Interest income	**218**	**216**	**208**	**224**	443	297	354	364
Interest (expense)	**(591)**	**(630)**	**(578)**	**(508)**	(498)	(421)	(312)	(316)
Other income (expense)	**(903)**	**356**	**(339)**	**125**	(729)	(715)	(488)	(601)
Total other income (expense)	**(1,276)**	**(58)**	**(709)**	**(159)**	(784)	(839)	(446)	(553)
Income from continuing operations before income taxes	**17,978**	**18,721**	**4,908**	**9,718**	14,928	7,833	8,259	14,137
Income taxes	**6,978**	**4,575**	**(688)**	**3,200**	1,638	(309)	511	3,367
Income from continuing operations, net of taxes	**11,000**	**14,146**	**5,596**	**6,518**	13,290	8,142	7,748	10,770
(Loss) from discontinued operations, net of taxes [6]								(820)
(Loss) on sale of discontinued operations, net of taxes [7]								(10,707)
Net income (loss)	**$ 11,000**	**$ 14,146**	**$ 5,596**	**$ 6,518**	$ 13,290	$ 8,142	$ 7,748	$ (757)
Net income (loss) per common share [8]:								
Basic:								
Continuing operations	**$ 0.26**	**$ 0.33**	**$ 0.13**	**$ 0.15**	$ 0.31	$ 0.19	$ 0.18	$ 0.25
Discontinued operations								(0.27)
Net income (loss) per common share	**$ 0.26**	**$ 0.33**	**$ 0.13**	**$ 0.15**	$ 0.31	$ 0.19	$ 0.18	$ (0.02)

Diluted:																
Continuing operations	**$**	**0.26**	**$**	**0.33**	**$**	**0.13**	**$**	**0.15**	$	0.31	$	0.19	$	0.18	$	0.25
Discontinued operations																(0.27)
Net income (loss) per common share	**$**	**0.26**	**$**	**0.33**	**$**	**0.13**	**$**	**0.15**	$	0.31	$	0.19	$	0.18	$	(0.02)
Weighted average shares:																
Basic		**42,759**		**42,785**		**42,936**		**43,036**		43,057		43,014		43,094		43,309
Diluted		**42,880**		**42,836**		**42,954**		**43,052**		43,081		43,031		43,103		43,409

(1) Each of the quarters for 2013 and the quarters ended December 31, 2012 and September 30, 2012 include the results of Alpine, as a result of the acquisition completed on August 20, 2012.

(2) The quarter ended March 31, 2012 includes $0.7 million related to the Fourth Quarter 2011 Exit Plan.

(3) The quarter ended June 30, 2013 includes $0.5 million, respectively, in Alpine acquisition-related costs.

(4) The quarters ended December 31, 2013 and September 30, 2013 include $0.3 million and $(0.1) million, respectively, related to the exit plans. The quarters ended December 31, 2012, September 30, 2012, June 30, 2012 and March 31, 2012 include $(0.4) million, $0.6 million, $0.7 million and $0.3 million, respectively, related to the exit plans. See Note 4, Costs Associated with Exit or Disposal Activities, for further information.

(5) The quarters ended September 30, 2013, June 30, 2013, March 31, 2013, December 31, 2012, September 30, 2012 and June 30, 2012 include $0.1 million, $0.8 million, $0.7 million, $1.0 million, $3.7 million and $0.1 million, respectively, in Alpine acquisition-related costs.

(6) The amount for the quarter ended March 31, 2012 includes the results of our operations in Spain, which was sold in March 2012.

(7) The quarter ended March 31, 2012 includes the loss on the sale of our operations in Spain, which was sold in March 2012.

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

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Business Outlook

For the twelve months ended December 31, 2014, we anticipate the following financial results:

Revenues in the range of $1,315.0 million to $1,335.0 million;

Effective tax rate of approximately 24.8%;

Fully diluted share count of approximately 43.1 million;

Diluted earnings per share in the range of $1.20 to $1.30; and

Capital expenditures in the range of $45.0 million to $50.0 million

Not included in this guidance is the impact of any future acquisitions or share repurchase activities.

Liquidity and Capital Resources

Our primary sources of liquidity are generally cash flows generated by operating activities and from available borrowings under our revolving credit facility. We utilize these capital resources to make capital expenditures associated primarily with our customer contact management services, invest in technology applications and tools to further develop our service offerings and for working capital and other general corporate purposes, including repurchase of our common stock in the open market and to fund acquisitions. In future periods, we intend similar uses of these funds.

On August 18, 2011, the Board authorized us to purchase up to 5.0 million shares of our outstanding common stock (the 2011 Share Repurchase Program). A total of 3.4 million shares have been repurchased under the 2011 Share Repurchase Program since inception. The shares are purchased, from time to time, through open market purchases or in negotiated private transactions, and the purchases are based on factors, including but not limited to, the stock price, management discretion and general market conditions. The 2011 Share Repurchase Program has no expiration date. Our Board previously authorized us on August 5, 2002 to purchase up to 3.0 million shares of our outstanding common stock, the last of which were repurchased during 2011.

The shares repurchased under our share repurchase programs were as follows (in thousands, except per share amounts):

For the Years Ended	Total Number of Shares Repurchased	Range of Prices Paid Per Share Low	Range of Prices Paid Per Share High	Total Cost of Shares Repurchased
December 31, 2013	**341**	**$ 15.61**	**$ 16.99**	**$ 5,479**
December 31, 2012	537	$ 13.85	$ 15.00	$ 7,908
December 31, 2011	3,292	$ 12.46	$ 18.53	$ 49,993

During 2013, cash increased $86.2 million from operating activities, $32.0 million due to proceeds from the issuance of long-term debt, $0.4 million from the proceeds from sale of property and equipment, $0.2 million from the proceeds from grants and $0.1 million of other. Further, we used $59.2 million for capital expenditures, $25.0 million to repay long-term debt, $5.5 million to repurchase our stock, $0.6 million for investment in restricted cash and $0.2 million to repurchase stock for minimum tax withholding on equity awards, resulting in a $24.7 million increase in available cash (including the unfavorable effects of foreign currency exchange rates on cash of $3.7 million).

Net cash flows provided by operating activities for 2013 were $86.2 million, compared to $86.5 million in 2012. The $0.3 million decrease in net cash flows from operating activities was due to a net decrease of $14.2 million in cash flows from assets and liabilities, partially offset by an $8.8 million increase in net income and a $5.1 million increase in non-cash reconciling items such as depreciation and amortization, (gain) loss on the sale of discontinued operations, net (gain) loss on disposal of property and equipment, impairment losses and unrealized foreign currency transaction (gains) losses, net. The $14.2 million decrease in cash flows from assets and liabilities was principally a result of a $15.3 million increase in accounts receivable, a $9.3 million decrease in other liabilities and a $0.7 million decrease in taxes payable, partially offset by an $8.1 million decrease in other assets and a $3.0 million increase in deferred revenue. The increase in accounts receivable is primarily due to additional billings related to higher volumes within certain clients in 2013 over 2012. The decrease in other liabilities is primarily related to a decrease in deposits received from clients for future services.

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We sold our operations in Spain (the Spanish operations) in 2012. Cash flows from discontinued operations, which are included in the accompanying Consolidated Statements of Cash Flows, were as follows (in thousands):

	Years Ended December 31,	
	2012	2011
Cash (used for) operating activities of discontinued operations	$ (4,530)	$ (4,656)
Cash (used for) investing activities of discontinued operations	(8,887)	(311)

Cash (used for) operating activities of discontinued operations represents the cash used by the Spanish operations in 2012 and 2011 (none in 2013). Cash (used for) investing activities of discontinued operations for 2012 primarily represents the cash divested upon the sale of the Spanish operations. Cash (used for) investing activities of discontinued operations represents capital expenditures in 2011. The sale of the Spanish operations resulted in a loss of $10.7 million. We do not expect the absence of the cash flows from our discontinued operations in Spain and to materially affect our future liquidity and capital resources.

Capital expenditures, which are generally funded by cash generated from operating activities, available cash balances and borrowings available under our credit facilities, were $59.2 million for 2013, compared to $38.6 million for 2012, an increase of $20.6 million. In 2014, we anticipate capital expenditures in the range of $45.0 million to $50.0 million, primarily for new seat additions, facility upgrades, maintenance and systems infrastructure.

On May 3, 2012, we entered into a $245 million revolving credit facility (the 2012 Credit Agreement) with a group of lenders and KeyBank National Association, as Lead Arranger, Sole Book Runner and Administrative Agent (KeyBank). The 2012 Credit Agreement replaced our previous $75 million revolving credit facility dated February 2, 2010, as amended, which agreement was terminated simultaneous with entering into the 2012 Credit Agreement. The 2012 Credit Agreement is subject to certain borrowing limitations and includes certain customary financial and restrictive covenants. At December 31, 2013, we were in compliance with all loan requirements of the 2012 Credit Agreement and had $98.0 million and $91.0 million of outstanding borrowings as of December 31, 2013 and 2012, respectively, with an average daily utilization of $102.5 million during 2013 and $96.8 million for the outstanding period during 2012 (none in 2011). During the years ended December 31, 2013 and 2012, the related interest expense, excluding amortization of deferred loan fees, under our credit agreements was $1.5 million and $0.5 million, respectively, which represented weighted average interest rates of 1.5% and 1.5%, respectively (none in 2011).

The 2012 Credit Agreement includes a $184 million alternate-currency sub-facility, a $10 million swingline sub-facility and a $35 million letter of credit sub-facility, and may be used for general corporate purposes including acquisitions, share repurchases, working capital support and letters of credit, subject to certain limitations. We are not currently aware of any inability of our lenders to provide access to the full commitment of funds that exist under the 2012 Credit Agreement, if necessary. However, there can be no assurance that such facility will be available to us, even though it is a binding commitment of the financial institutions. The 2012 Credit Agreement will mature on May 2, 2017.

Borrowings under the 2012 Credit Agreement will bear interest at the rates set forth in the Credit Agreement. In addition, we are required to pay certain customary fees, including a commitment fee of 0.175%, which is due quarterly in arrears and calculated on the average unused amount of the 2012 Credit Agreement.

The 2012 Credit Agreement is guaranteed by all of our existing and future direct and indirect material U.S. subsidiaries and secured by a pledge of 100% of the non-voting and 65% of the voting capital stock of all of our direct foreign subsidiaries and those of the guarantors.

We are currently under audit in several tax jurisdictions. In April 2012, we received an assessment for the Canadian 2003-2006 audit for which we filed a Notice of Objection in July 2012 and paid a mandatory security deposit. Requests for Competent Authority Assistance were filed with both the Canadian Revenue Agency and the U.S. Internal Revenue Service for this audit cycle. In July and October 2013, we received reassessments for the 2007-2009 audit, which resulted in additional payments. These payments bring the total amount of deposits for both audit cycles to $17.3 million and $15.0 million as of December 31, 2013 and 2012, respectively, and are included in Deferred charges and other assets in the accompanying Consolidated Balance Sheets. In December 2013, we filed a Notice of Objection to the 2007-2009 reassessment. Although the outcome of examinations by taxing authorities is always uncertain, we believe we are adequately reserved for these audits and that resolution is not expected to have a material impact on our financial condition and results of operations.

On August 20, 2012, we completed the acquisition of Alpine, a Delaware corporation, pursuant to the Agreement and Plan of Merger, dated July 27, 2012. The purchase price of $149.0 million was funded through cash on hand of $41.0 million and borrowings of $108.0 million under our 2012 Credit Agreement, dated May 3, 2012.

As of December 31, 2013, we had $212.0 million in cash and cash equivalents, of which approximately 92.0% or $195.0 million, was held in international operations and is deemed to be indefinitely reinvested offshore. These funds may be subject to additional taxes if repatriated to the United States, including withholding tax applied by the country of origin and an incremental U.S. income tax, net of allowable foreign tax credits. There are circumstances where we may be unable to repatriate some of the cash and cash equivalents held by our international operations due to country restrictions. We do not intend nor currently foresee a need to repatriate these funds. We expect our current domestic cash levels and cash flows from operations to be adequate to meet our domestic anticipated working capital needs, including investment activities such as capital expenditures and debt repayment for the next twelve months and the foreseeable future. However, from time to time, we may borrow funds under our 2012 Credit Agreement as a result of the timing of our working capital needs, including capital expenditures. Additionally, we expect our current foreign cash levels and cash flows from foreign operations to be adequate to meet our foreign anticipated working capital needs, including investment activities such as capital expenditures for the next twelve months and the foreseeable future.

If we should require more cash in the U.S. than is provided by our domestic operations for significant discretionary unforeseen activities such as acquisitions of businesses and share repurchases, we could elect to repatriate future foreign earnings and/or raise capital in the U.S through additional borrowings or debt/equity issuances. These alternatives could result in higher effective tax rates, interest expense and/or dilution of earnings. We have borrowed funds domestically and continue to have the ability to borrow additional funds domestically at reasonable interest rates.

Our cash resources could also be affected by various risks and uncertainties, including but not limited to, the risks detailed in Item 1A, Risk Factors.

Off-Balance Sheet Arrangements and Other

At December 31, 2013, we did not have any material commercial commitments, including guarantees or standby repurchase obligations, or any relationships with unconsolidated entities or financial partnerships, including entities often referred to as structured finance or special purpose entities or variable interest entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

From time to time, during the normal course of business, we may make certain indemnities, commitments and guarantees under which we may be required to make payments in relation to certain transactions. These include, but are not limited to: (i) indemnities to clients, vendors and service providers pertaining to claims based on negligence or willful misconduct and (ii) indemnities involving breach of contract, the accuracy of representations and warranties, or other liabilities assumed by us in certain contracts. In addition, we have agreements whereby we will indemnify certain officers and directors for certain events or occurrences while the officer or director is, or was, serving at our request in such capacity. The indemnification period covers all pertinent events and occurrences during the officer s or director s lifetime. The maximum potential amount of future payments we could be required to make under these indemnification agreements is unlimited; however, we have director and officer insurance coverage that limits our exposure and enables us to recover a portion of any future amounts paid. We believe the applicable insurance coverage is generally adequate to cover any estimated potential liability under these indemnification agreements. The majority of these indemnities, commitments and guarantees do not provide for any limitation of the maximum potential for future payments we could be obligated to make. We have not recorded any liability for these indemnities, commitments and other guarantees in the accompanying Consolidated Balance Sheets. In addition, we have some client contracts that do not contain contractual provisions for the limitation of liability, and other client contracts that contain agreed upon exceptions to limitation of liability. We have not recorded any liability in the accompanying Consolidated Balance Sheets with respect to any client contracts under which we have or may have unlimited liability.

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Contractual Obligations

The following table summarizes our contractual cash obligations at December 31, 2013, and the effect these obligations are expected to have on liquidity and cash flow in future periods (in thousands):

		Payments Due By Period				
	Total	**Less Than 1 Year**	**1-3 Years**	**3-5 Years**	**After 5 Years**	**Other**
Operating leases [1]	$ 149,201	$ 35,808	$ 48,060	$ 31,895	$ 33,438	$
Purchase obligations [2]	31,304	23,087	7,983	234		
Accounts payable [3]	25,540	25,540				
Accrued employee compensation and benefits [3]	81,047	81,047				
Income taxes payable [4]	1,274	1,274				
Other accrued expenses and current liabilities [5]	30,241	30,241				
Long-term debt [6]	98,000			98,000		
Long-term tax liabilities [7]	7,330					7,330
Other long-term liabilities [8]	4,333		1,895	236	2,202	
	$428,270	**$ 196,997**	**$ 57,938**	**$ 130,365**	**$ 35,640**	**$ 7,330**

(1) Amounts represent the expected cash payments under our operating leases.

(2) Amounts represent the expected cash payments under our purchase obligations, which include agreements to purchase goods or services that are enforceable and legally binding on us and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. Purchase obligations exclude agreements that are cancelable without penalty.

(3) Accounts payable and accrued employee compensation and benefits, which represent amounts due vendors and employees payable within one year.

(4) Income taxes payable, which represents amounts due taxing authorities payable within one year.

(5) Other accrued expenses and current liabilities, which exclude deferred grants, include amounts primarily related to restructuring costs, legal and professional fees, telephone charges, rent, derivative contracts and other accruals.

(6) Amount represents total outstanding borrowings. See Note 20, Borrowings, to the accompanying Consolidated Financial Statements.

(7) Long-term tax liabilities include uncertain tax positions and related penalties and interest as discussed in Note 22, Income Taxes, to the accompanying Consolidated Financial Statements. The amount in the table has been reduced by Canadian mandatory security deposits of $17.3 million, which are included in Deferred charges and other assets in the accompanying Consolidated Balance Sheets. We cannot make reasonably reliable estimates of the cash settlement of $7.3 million of the long-term liabilities with the taxing authority; therefore, amounts have been excluded from payments due by period.

(8) Other long-term liabilities, which exclude deferred income taxes and other non-cash long-term liabilities, represent the expected cash payments due under restructuring accruals (primarily lease obligations) and pension obligations. See Notes 4, Costs Associated with Exit or Disposal Activities, and 25, Defined Benefit Pension Plan and Postretirement Benefits, to the accompanying Consolidated Financial Statements.

Critical Accounting Estimates

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

We believe the following accounting policies are the most critical since these policies require significant judgment or involve complex estimations that are important to the portrayal of our financial condition and operating results. Unless we need to clarify a point to readers, we will refrain from citing specific section references when discussing the application of accounting principles or addressing new or pending accounting rule changes.

Recognition of Revenue

We recognize revenue in accordance with ASC 605 *Revenue Recognition*. We primarily recognize revenues from services as the services are performed, which is based on either a per minute, per call, per transaction or per time and material basis, under a fully executed contractual agreement and record reductions to revenues for contractual penalties and holdbacks for failure to meet specified minimum service levels and other performance based contingencies. Revenue recognition is limited to the amount that is not contingent upon delivery of any future product or service or meeting other specified performance conditions. Product sales, accounted for within our fulfillment services, are recognized upon shipment to the customer and satisfaction of all obligations.

Revenues from fulfillment services account for 1.3%, 1.5% and 1.4% of total consolidated revenues for the years ended December 31, 2013, 2012 and 2011, respectively, some of which contain multiple-deliverables. The service offerings for these fulfillment service contracts typically include pick-pack-and-ship, warehousing, process management, finished goods assembly and pass-through costs. In accordance with ASC 605-25 *Revenue Recognition Multiple-Element Arrangements* (ASC 605-25) (as amended by Accounting Standards Update (ASU) 2009-13 *Revenue Recognition (Topic 605): Multiple-Deliverable Revenue Arrangements a consensus of the FASB Emerging Issues Task Force*) (ASU 2009-13), we determine if the services provided under these contracts with multiple-deliverables represent separate units of accounting. A deliverable constitutes a separate unit of accounting when it has standalone value, and where return rights exist, delivery or performance of the undelivered items is considered probable and substantially within our control. If those deliverables are determined to be separate units of accounting, revenues from these services are recognized as the services are performed under a fully executed contractual agreement. If those deliverables are not determined to be separate units of accounting, revenue for the delivered services are bundled into a single unit of accounting and recognized on the proportional performance method using the straight-line basis over the contract period, or the actual number of operational seats used to serve the client, as appropriate.

As a result of the adoption of ASU 2009-13, the Company allocates revenue to each of the deliverables based on a selling price hierarchy of vendor specific objective evidence (VSOE), third-party evidence, and then estimated selling price. VSOE is based on the price charged when the deliverable is sold separately. Third-party evidence is based on largely interchangeable competitor services in standalone sales to similarly situated customers. Estimated selling price is based on our best estimate of what the selling prices of deliverables would be if they were sold regularly on a standalone basis. Estimated selling price is established considering multiple factors including, but not limited to, pricing practices in different geographies, service offerings, and customer classifications. Once we allocate revenue to each deliverable, we recognize revenue when all revenue recognition criteria are met. As of December 31, 2013, our fulfillment contracts with multiple-deliverables met the separation criteria as outlined in ASC 605-25 and the revenue was accounted for accordingly. Other than these fulfillment contracts, we have no other contracts that contain multiple-deliverables as of December 31, 2013.

Allowance for Doubtful Accounts

We maintain allowances for doubtful accounts, $5.0 million as of December 31, 2013, or 1.9% of trade account receivables, for estimated losses arising from the inability of our customers to make required payments. Our estimate is based on qualitative and quantitative analyses, including credit risk measurement tools and methodologies using the publicly available credit and capital market information, a review of the current status of our trade accounts receivable and historical collection experience of our clients. It is reasonably possible that our estimate of the allowance for doubtful accounts will change if the financial condition of our customers were to deteriorate, resulting in a reduced ability to make payments.

Income Taxes

We reduce deferred tax assets by a valuation allowance if, based on the weight of available evidence, both positive and negative, for each respective tax jurisdiction, it is more likely than not that some portion or all of such deferred tax assets will not be realized. The valuation allowance for a particular tax jurisdiction is allocated between current and noncurrent deferred tax assets for that jurisdiction on a pro rata basis. Available evidence which is considered in determining the amount of valuation allowance required includes, but is not limited to, our estimate of future taxable income and any applicable tax-planning strategies. Establishment or reversal of certain valuation allowances may have a significant impact on both current and future results.

As of December 31, 2013, we determined that a total valuation allowance of $42.7 million was necessary to reduce U.S. deferred tax assets by $3.0 million and foreign deferred tax assets by $39.7 million, where it was more likely than not that some portion or all of such deferred tax assets will not be realized. The recoverability of the remaining net deferred tax asset of $18.2 million as of December 31, 2013 is dependent upon future profitability within each tax jurisdiction. As of December 31, 2013, based on our estimates of future taxable income and any applicable tax-planning strategies within various tax jurisdictions, we believe that it is more likely than not that the remaining net deferred tax assets will be realized.

A provision for income taxes has not been made for the undistributed earnings of foreign subsidiaries of approximately $376.8 million as of December 31, 2013, as the earnings are indefinitely reinvested in foreign business operations. If these earnings are repatriated or otherwise become taxable in the U.S, we would be subject to an incremental U.S. tax expense net of any allowable foreign tax credits, in addition to any applicable foreign withholding tax expense. Determination of any unrecognized deferred tax liability for temporary differences related to investments in foreign subsidiaries that are essentially permanent in nature is not practicable due to the inherent complexity of the multi-national tax environment in which we operate.

The U.S. Department of the Treasury released the General Explanations of the Administration s Fiscal Year 2014 Revenue Proposals in April 2013. These proposals represent a significant shift in international tax policy, which may materially impact U.S. taxation of international earnings. We continue to monitor these proposals and are currently evaluating their potential impact on our financial condition, results of operations, and cash flows.

In addition, The American Taxpayer Relief Act of 2012 was enacted on January 2, 2013, with many provisions retroactively effective to January 1, 2012. This Act, which extended the tax provisions of the Internal Revenue Code Section 954(c)(6) through the end of 2013, permits continued tax deferral on such movements that would otherwise be taxable immediately in the U.S. While these cash movements are not taxable in the U.S., related foreign withholding taxes of $3.5 million were included in the provision for income taxes in the accompanying Consolidated Statements of Operations for the year ended December 31, 2013.

We evaluate tax positions that have been taken or are expected to be taken in our tax returns, and record a liability for uncertain tax positions in accordance with ASC 740. The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax regulations. ASC 740 contains a two-step approach to recognizing and measuring uncertain tax positions. First, tax positions are recognized if the weight of available evidence indicates that it is more likely than not that the position will be sustained upon examination, including resolution of related appeals or litigation processes, if any. Second, the tax position is measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement. We reevaluate these uncertain tax positions on a quarterly basis. This evaluation is based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit, and new audit activity. Such a change in recognition or measurement would result in the recognition of a tax benefit or an additional charge to the tax provision.

As of December 31, 2013, we had $15.0 million of unrecognized tax benefits, a net decrease of $1.9 million from $16.9 million as of December 31, 2012. Had we recognized these tax benefits, approximately $15.0 million and $16.9 million and the related interest and penalties would favorably impact the effective tax rate in 2013 and 2012, respectively. We do not anticipate that our unrecognized tax benefits will change in the next twelve months.

Our provision for income taxes is subject to volatility and is impacted by the distribution of earnings in the various domestic and international jurisdictions in which we operate. Our effective tax rate could be impacted by earnings being either proportionally lower or higher in foreign countries where we have tax rates lower than the U.S. tax rates. In addition, we have been granted tax holidays in several foreign tax jurisdictions, which have various expiration dates ranging from 2014 through 2028. If we are unable to renew a tax holiday in any of these jurisdictions, our effective tax rate could be adversely impacted. In some cases, the tax holidays expire without possibility of renewal. In other cases, we expect to renew these tax holidays, but there are no assurances from the respective foreign governments that they will permit a renewal. Our effective tax rate could also be affected by several additional factors, including changes in the valuation of our deferred tax assets or liabilities, changing legislation, regulations, and court interpretations that impact tax law in multiple tax jurisdictions in which we operate, as well as new requirements, pronouncements and rulings of certain tax, regulatory and accounting organizations.

Impairment of Long-Lived Assets

We evaluate the carrying value of property and equipment and definite-lived intangible assets, which had a carrying value of $193.6 million as of December 31, 2013, for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset is considered to be impaired when the forecasted undiscounted cash flows of an asset group are estimated to be less than its carrying value. The amount of impairment recognized is the difference between the carrying value of the asset group and its fair value. Fair value estimates are based on assumptions concerning the amount and timing of estimated future cash flows and assumed discount rates. Future adverse changes in market conditions or poor operating results of the underlying investment could result in losses or an inability to recover the carrying value of the investment and, therefore, might require an impairment charge in the future. See Note 5, Fair Value, of the accompanying Notes to Consolidated Financial Statements for details of impairment losses related to nonrecurring fair value measurements.

Impairment of Goodwill

We evaluate goodwill, which had a carrying value of $199.8 million as of December 31, 2013, for impairment at least annually, during the third quarter of each year, or whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. To assess the realizability of goodwill, we have the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. We may elect to forgo this option and proceed to the annual two-step goodwill impairment test.

If we elect to perform the qualitative assessment and it indicates that a significant decline to fair value of a reporting unit is more likely than not, or if a reporting unit s fair value has historically been closer to its carrying value, or we elect to forgo this qualitative assessment, we will proceed to Step 1 testing where we calculate the fair value of a reporting unit based on discounted future probability-weighted cash flows. If Step 1 indicates that the carrying value of a reporting unit is in excess of its fair value, we will proceed to Step 2 where the fair value of the reporting unit will be allocated to assets and liabilities as it would in a business combination. Impairment occurs when the carrying amount of goodwill exceeds its estimated fair value calculated in Step 2.

We estimate fair value using discounted cash flows of the reporting units. The most significant assumptions used in these analyses are those made in estimating future cash flows. In estimating future cash flows, we use financial assumptions in our internal forecasting model such as projected capacity utilization, projected changes in the prices we charge for our services, projected labor costs, as well as contract negotiation status. The financial and credit market volatility directly impacts our fair value measurement through our weighted average cost of capital that we use to determine our discount rate. We use a discount rate we consider appropriate for the country where the services are being provided. As of July 31, 2013, our assessment of goodwill impairment indicated that the fair values of our reporting units were substantially in excess of their estimated carrying values, and therefore goodwill in these reporting units was not impaired. If actual results differ substantially from the assumptions used in performing the impairment test, the fair value of the reporting units may be significantly lower, causing the carrying value to exceed the fair value and indicating an impairment has occurred.

Contingencies

We record a liability for pending litigation and claims where losses are both probable and reasonably estimable. Each quarter, management reviews all litigation and claims on a case-by-case basis and assigns probability of loss and range of loss.

Other

We have made certain other estimates that, while not involving the same degree of judgment, are important to understanding our financial statements. These estimates are in the areas of measuring our obligations related to our defined benefit plans and self-insurance accruals.

New Accounting Standards Not Yet Adopted

In March 2013, the Financial Accounting Standards Board (FASB) issued ASU 2013-05 *Foreign Currency Matters (Topic 830) Parent s Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity* (ASU 2013-05). The amendments in ASU 2013-05 indicate that a cumulative translation adjustment (CTA) is attached to the parent s investment in a foreign entity and should be released in a manner consistent with the derecognition guidance on investments in entities. Thus, the entire amount of the CTA associated with the foreign entity would be released when there has been a sale of a subsidiary or group of net assets within a foreign entity and the sale represents the substantially complete liquidation of the investment in the foreign entity, a loss of a controlling financial interest in an investment in a foreign entity (i.e., the foreign entity is deconsolidated), or a step acquisition for a foreign entity (i.e., when an entity has changed from applying the equity method for an investment in a foreign entity to consolidating the foreign entity). ASU 2013-05 does not change the requirement to release a pro rata portion of the CTA of the foreign entity into earnings for a partial sale of an equity method investment in a foreign entity. The amendments in ASU 2013-05 are effective prospectively for fiscal years (and interim reporting periods within those years) beginning after December 15, 2013. The amendments should be applied prospectively to derecognition events occurring after the effective date. The adoption of ASU 2013-05 on January 1, 2014 did not have a material impact on our financial condition, results of operations and cash flows.

In July 2013, the FASB issued ASU 2013-11 *Income Taxes (Topic 740) Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists* (ASU 2013-11). The amendments in ASU 2013-11 indicate that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward if such settlement is required or expected in the event the uncertain tax position is disallowed. In situations where a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction or the tax law of the jurisdiction does not require, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. The amendments in ASU 2013-11 are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The amendments should be applied prospectively to all unrecognized tax benefits that exist at the effective date. Retrospective application is permitted. The adoption of ASU 2013-11 on January 1, 2014 did not have a material impact on our financial condition, results of operations and cash flows.

U.S. Healthcare Reform Acts

In March 2010, the President of the United States signed into law comprehensive healthcare reform legislation under the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act (the Acts). The Acts contain provisions that could materially impact our healthcare costs in the future, thus adversely affecting our profitability. The Internal Revenue Service recently announced that the employer mandate provisions of the Acts will be delayed until 2015 and the promised additional guidance has yet to be issued. As a result of the delay, the Company s cost to provide benefits to employees in 2014 are expected to be comparable to our costs in 2013. Once the guidance is finalized, we will evaluate the potential impact of the Acts on our financial condition, results of operations and cash flows for 2015.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency Risk

Our earnings and cash flows are subject to fluctuations due to changes in currency exchange rates. We are exposed to foreign currency exchange rate fluctuations when subsidiaries with functional currencies other than the U.S. Dollar (USD) are translated into our USD consolidated financial statements. As exchange rates vary, those results, when translated, may vary from expectations and adversely impact profitability. The cumulative translation effects for subsidiaries using functional currencies other than the U.S. Dollar are included in Accumulated other comprehensive income (loss) in shareholders equity. Movements in non-U.S. Dollar currency exchange rates may negatively or positively affect our competitive position, as exchange rate changes may affect business practices and/or pricing strategies of non-U.S. based competitors.

We employ a foreign currency risk management program that periodically utilizes derivative instruments to protect against unanticipated fluctuations in certain earnings and cash flows caused by volatility in foreign currency exchange (FX) rates. Option and forward derivative contracts are used to hedge intercompany receivables and payables, and other transactions initiated in the United States, that are denominated in a foreign currency. Additionally, we employ FX contracts to hedge net investments in foreign operations.

We serve a number of U.S.-based clients using customer contact management center capacity in The Philippines, Canada and Costa Rica, which are within our Americas segment. Although the contracts with these clients are priced in USDs, a substantial portion of the costs incurred to render services under these contracts are denominated in Philippine Pesos (PHP), Canadian Dollars, and Costa Rican Colones (CRC), which represent FX exposures. Additionally, our EMEA segment services clients in Hungary and Romania where the contracts are priced in Euros (EUR), with a substantial portion of the costs incurred to render services under these contracts denominated in Hungarian Forints (HUF) and Romanian Leis (RON).

In order to hedge a portion of our anticipated cash flow requirements denominated in PHP, CRC, HUF and RON we had outstanding forward contracts and options as of December 31, 2013 with counterparties through December 2014 with notional amounts totaling $165.1 million. As of December 31, 2013, we had net total derivative liabilities associated with these contracts with a fair value of $2.1 million, which will settle within the next 12 months. If the USD was to weaken against the PHP and CRC and the EUR was to weaken against the HUF and RON by 10% from current period-end levels, we would incur a loss of approximately $13.8 million on the underlying exposures of the derivative instruments. However, this loss would be mitigated by corresponding gains on the underlying exposures.

We entered into forward exchange contracts with notional amounts totaling $32.7 million to hedge net investments in our foreign operations. The purpose of these derivative instruments is to protect against the risk that the net assets of certain foreign subsidiaries will be adversely affected by changes in exchange rates and economic exposures related to our foreign currency-based investments in these subsidiaries. As of December 31, 2013, the fair value of these derivatives was a net liability of $1.7 million. The potential loss in fair value at December 31, 2013, for these contracts resulting from a hypothetical 10% adverse change in the foreign currency exchange rates is approximately $3.4 million. However, this loss would be mitigated by corresponding gains on the underlying exposures.

We also entered into forward exchange contracts with notional amounts totaling $59.2 million that are not designated as hedges. The purpose of these derivative instruments is to protect against FX volatility pertaining to intercompany receivables and payables, and other assets and liabilities that are denominated in currencies other than our subsidiaries functional currencies. As of December 31, 2013, the fair value of these derivatives was a net receivable of $1.0 million. The potential loss in fair value at December 31, 2013, for these contracts resulting from a hypothetical 10% adverse change in the foreign currency exchange rates is approximately $5.3 million. However, this loss would be mitigated by corresponding gains on the underlying exposures.

We evaluate the credit quality of potential counterparties to derivative transactions and only enter into contracts with those considered to have minimal credit risk. We periodically monitor changes to counterparty credit quality as well as our concentration of credit exposure to individual counterparties.

We do not use derivative financial instruments for speculative trading purposes, nor do we hedge our foreign currency exposure in a manner that entirely offsets the effects of changes in foreign exchange rates.

As a general rule, we do not use financial instruments to hedge local currency denominated operating expenses in countries where a natural hedge exists. For example, in many countries, revenue from the local currency services substantially offsets the local currency denominated operating expenses.

Interest Rate Risk

Our exposure to interest rate risk results from variable debt outstanding under our revolving credit facility. We pay interest on outstanding borrowings at interest rates that fluctuate based upon changes in various base rates. As of December 31, 2013, we had $98.0 million in borrowings outstanding under the revolving credit facility. Based on our level of variable rate debt outstanding during the year ended December 31, 2013, a one-point increase in the weighted average interest rate, which generally equals the LIBOR rate plus an applicable margin, would have had a $1.0 million impact on our results of operations.

We have not historically used derivative instruments to manage exposure to changes in interest rates.

Item 8. Financial Statements and Supplementary Data

The financial statements and supplementary data required by this item are located beginning on page 53 and page 35 of this report, respectively.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as of December 31, 2013. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2013.

Management s Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

We assessed the effectiveness of our internal control over financial reporting as of December 31, 2013. In making this assessment, we used the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment, management believes that, as of December 31, 2013, our internal control over financial reporting was effective.

Attestation Report of Independent Registered Public Accounting Firm

Our independent registered public accounting firm has issued an attestation report on our internal control over financial reporting. This report appears on page 46.

Changes to Internal Control Over Financial Reporting

There were no changes in our internal controls over financial reporting during the quarter ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of

Sykes Enterprises, Incorporated

Tampa, Florida

We have audited the internal control over financial reporting of Sykes Enterprises, Incorporated and subsidiaries (the Company) as of December 31, 2013, based on criteria established in *Internal Control Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed by, or under the supervision of, the company s principal executive and principal financial officers, or persons performing similar functions, and effected by the company s board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedules as of and for the year ended December 31, 2013 of the Company and our report dated February 20, 2014 expressed an unqualified opinion on those financial statements and financial statement schedules.

/s/ Deloitte & Touche LLP

Certified Public Accountants

Tampa, Florida

February 20, 2014

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Item 9B. Other Information

None.

PART III

Items 10. through 14.

All information required by Items 10 through 14, with the exception of information on Executive Officers which appears in this report in Item 1 under the caption Executive Officers , is incorporated by reference to SYKES Proxy Statement for the 2014 Annual Meeting of Shareholders.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

The following documents are filed as part of this report:

Consolidated Financial Statements

The Index to Consolidated Financial Statements is set forth on page 53 of this report.

Financial Statements Schedule

Schedule II Valuation and Qualifying Accounts is set forth on page 108 of this report.

Other schedules have been omitted because they are not required or applicable or the information is included in the Consolidated Financial Statements or notes thereto.

Exhibits:

Exhibit Number	Exhibit Description
2.1	Articles of Merger between Sykes Enterprises, Incorporated, a North Carolina Corporation, and Sykes Enterprises, Incorporated, a Florida Corporation, dated March 1, 1996. (1)
2.2	Agreement and Plan of Merger, dated as of October 5, 2009, among ICT Group, Inc., Sykes Enterprises, Incorporated, SH Merger Subsidiary I, Inc., and SH Merger Subsidiary II, LLC (15)
2.3	Agreement and Plan of Merger, dated as of July 27, 2012, by and among Sykes Enterprises, Incorporated, Sykes Acquisition Subsidiary II, Inc., Alpine Access, Inc., and Shareholder Representative Services LLC. (24)
3.1	Articles of Incorporation of Sykes Enterprises, Incorporated, as amended. (2)
3.2	Articles of Amendment to Articles of Incorporation of Sykes Enterprises, Incorporated, as amended. (3)
3.3	Bylaws of Sykes Enterprises, Incorporated, as amended. (7)
4.1	Specimen certificate for the Common Stock of Sykes Enterprises, Incorporated. (1)
10.1	2004 Non-Employee Directors Fee Plan.(5)*
10.2	First Amended and Restated 2004 Non-Employee Director s Fee Plan.(12)*
10.3	Second Amended and Restated 2004 Non-Employee Director s Fee Plan.(14)*
10.4	Third Amended and Restated 2004 Non-Employee Director s Fee Plan.(16)*
10.5	Fourth Amended and Restated 2004 Non-Employee Director Fee Plan. (20)*

10.6	Fifth Amended and Restated 2004 Non-Employee Director Fee Plan. [(26)*]
10.7	Form of Split Dollar Plan Documents. [(1)*]
10.8	Form of Split Dollar Agreement. [(1)*]
10.9	Form of Indemnity Agreement between Sykes Enterprises, Incorporated and directors & executive officers. [(1)]

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Exhibit Number	Exhibit Description
10.10	2001 Equity Incentive Plan. (4)*
10.11	Deferred Compensation Plan. (7)*
10.12	First Amendment to Deferred Compensation Plan. (27)*
10.13	Form of Restricted Share And Stock Appreciation Right Award Agreement dated as of March 29, 2006. (8)*
10.14	Form of Restricted Share And Bonus Award Agreement dated as of March 29, 2006. (8)*
10.15	Form of Restricted Share Award Agreement dated as of May 24, 2006. (9)*
10.16	Form of Restricted Share And Stock Appreciation Right Award Agreement dated as of January 2, 2007. (10)*
10.17	Form of Restricted Share Award Agreement dated as of January 2, 2007. (10)*
10.18	Form of Restricted Share and Stock Appreciation Right Award Agreement dated as of January 2, 2008. (11)*
10.19	2011 Equity Incentive Plan. (21)*
10.20	Founder s Retirement and Consulting Agreement dated December 10, 2004 between Sykes Enterprises, Incorporated and John H. Sykes. (6)*
10.21	Amended and Restated Employment Agreement dated as of December 30, 2008 between Sykes Enterprises, Incorporated and Charles E. Sykes. (17)*
10.22	Amended and Restated Employment Agreement dated as of December 30, 2008 between Sykes Enterprises, Incorporated and W. Michael Kipphut. (17)*
10.23	Amended and Restated Employment Agreement dated as of December 29, 2008 between Sykes Enterprises, Incorporated and Jenna R. Nelson. (17)*
10.24	Amended and Restated Employment Agreement dated as of December 29, 2008 between Sykes Enterprises, Incorporated and James T. Holder. (17)*
10.25	Amended and Restated Employment Agreement dated as of December 29, 2008 between Sykes Enterprises, Incorporated and William N. Rocktoff. (17)*
10.26	Amended and Restated Employment Agreement dated as of December 29, 2008 between Sykes Enterprises, Incorporated and James Hobby, Jr. (17)*
10.27	Amended and Restated Employment Agreement dated as of December 29, 2008 between Sykes Enterprises, Incorporated and Daniel L. Hernandez. (17)*
10.28	Amended and Restated Employment Agreement dated as of December 29, 2008 between Sykes Enterprises, Incorporated and David L. Pearson. (17)*

10.29	Lease Agreement, dated January 25, 2008, Lease Amendment Number One and Lease Amendment Number Two dated February 12, 2008 and May 28, 2008 respectively, between Sykes Enterprises, Incorporated and Kingstree Office One, LLC. [13]
10.30	Stock Purchase Agreement between Sykes Enterprises, Incorporated (not as a Seller), SEI International Services S.a.r.l. (as Seller), Sykes Enterprises Incorporated Holdings, BV (as Seller) and Antonio Marcelo Cid, Humberto Daniel Sahade as Buyers, dated December 13, 2010. [18]

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Exhibit Number	Exhibit Description
10.31	Stock Purchase Agreement between Sykes Enterprises, Incorporated (not as a Seller), ICT Group Netherlands B.V. (as Seller), ICT Group Netherlands Holdings, B.V. (as Seller) and Carolina Gaito, Claudio Martin, Fernando A. Berrondo, Gustavo Rosetti as Buyers, dated December 24, 2010. (19)
10.32	Credit Agreement, dated May 3, 2012, between Sykes Enterprises, Incorporated, the lenders party thereto and KeyBank National Association, as Lead Arranger, Sole Book Runner and Administrative Agent. (22)
10.33	Business Sale and Purchase Agreement, dated as of March 29, 2012, between Sykes Enterprises, Incorporated and Iberphone, S.A.U. (23)
10.34	Stock Purchase Agreement, dated as of March 30, 2012, by and among Sykes Enterprises, Incorporated (not as a Seller), SEI International Services S.a.r.l. (as Seller) and Eugenio Arceu Garcia as Buyer. (23)
10.35	Employment Agreement, dated as of September 13, 2012, between Sykes Enterprises, Incorporated and Lawrence R. Zingale. (25)*
10.36	Employment Agreement, dated as of September 13, 2012, between Sykes Enterprises, Incorporated and Christopher Carrington. (25)*
14.1	Code of Ethics. (28)
21.1	List of subsidiaries of Sykes Enterprises, Incorporated.
23.1	Consent of Independent Registered Public Accounting Firm.
24.1	Power of Attorney relating to subsequent amendments (included on the signature page of this report).
31.1	Certification of Chief Executive Officer, pursuant to Rule 13a-14(a).
31.2	Certification of Chief Financial Officer, pursuant to Rule 13a-14(a).
32.1	Certification of Chief Executive Officer, pursuant to Section 1350.
32.2	Certification of Chief Financial Officer, pursuant to Section 1350.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

* *Indicates management contract or compensatory plan or arrangement.*

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

(2) *Filed as Exhibit 3.1 to the Registrant s Registration Statement on Form S-3 filed with the Commission on October 23, 1997, and incorporated herein by reference.*

(3) *Filed as Exhibit 3.2 to the Registrant s Form 10-K filed with the Commission on March 29, 1999, and incorporated herein by reference.*

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(4) Filed as Exhibit 10.32 to Registrant s Form 10-Q filed with the Commission on May 7, 2001, and incorporated herein by reference.

(5) Filed as an Exhibit to Registrant s Form 10-Q filed with the Commission on August 9, 2004, and incorporated herein by reference.

(6) Filed as an Exhibit to Registrant s Current Report on Form 8-K filed with the Commission on December 16, 2004, and incorporated herein by reference.

(7) Filed as an Exhibit to Registrant s Form 10-K filed with the Commission on March 22, 2005, and incorporated herein by reference.

(8) Filed as an Exhibit to the Registrant s Current Report on Form 8-K filed with the Commission on April 4, 2006, and incorporated herein by reference.

(9) Filed as an Exhibit to the Registrant s Current Report on Form 8-K filed with the Commission on May 31, 2006, and incorporated herein by reference.

(10) Filed as an Exhibit to the Registrant s Current Report on Form 8-K filed with the Commission on December 28, 2006, and incorporated herein by reference.

(11) Filed as an Exhibit to the Registrant s Current Report on Form 8-K filed with the Commission on January 8, 2008, and incorporated herein by reference.

(12) Filed as an Exhibit to the Registrant s Form 10-Q filed with the Commission on May 7, 2008, and incorporated herein by reference.

(13) Filed as an Exhibit to the Registrant s Current Report on Form 8-K filed with the Commission on May 29, 2008, and incorporated herein by reference.

(14) Filed as an Exhibit to the Registrant s Form 10-Q filed with the Commission on November 5, 2008, and incorporated herein by reference.

(15) Filed as an Exhibit to the Registrant s Current Report on Form 8-K filed with the Commission on October 9, 2009, and incorporated herein by reference.

(16) Filed as an Exhibit to the Registrant s Proxy Statement for the 2009 annual meeting of shareholders filed with the Commission on April 22, 2009, and incorporated herein by reference.

(17) Filed as an Exhibit to the Registrant s Annual Report on Form 10-K filed with the Commission on March 10, 2009, and incorporated herein by reference.

(18)

Filed as an Exhibit to the Registrant s Current Report on Form 8-K filed with the Commission on December 22, 2010, and incorporated herein by reference.

(19) *Filed as an Exhibit to the Registrant s Current Report on Form 8-K filed with the Commission on December 30, 2010, and incorporated herein by reference.*

(20) *Filed as an Exhibit to the Registrant s Quarterly Report on Form 10-Q filed with the Commission on August 9, 2011, and incorporated herein by reference.*

(21) *Filed as an Exhibit to the Registrant s Quarterly Report on Form 10-Q filed with the Commission on November 8, 2011, and incorporated herein by reference.*

(22) *Filed as an Exhibit to the Registrant s Form 8-K filed with the Commission on May 7, 2012, and incorporated herein by reference.*

(23) *Filed as an Exhibit to the Registrant s Form 8-K filed with the Commission on April 4, 2012, and incorporated herein by reference.*

(24) *Filed as an Exhibit to the Registrant s Form 8-K filed with the Commission on July 30, 2012, and incorporated herein by reference.*

(25) *Filed as an Exhibit to the Registrant s Form 8-K filed with the Commission on September 19, 2012, and incorporated herein by reference.*

(26) *Filed as an Exhibit to the Registrant s Proxy Statement for the 2012 annual meeting of shareholders filed with the Commission on April 14, 2012, and incorporated herein by reference.*

(27) *Filed as an Exhibit to the Registrant s Proxy Statement for the 2006 annual meeting of shareholders filed with the Commission on April 21, 2006, and incorporated herein by reference.*

(28) *Available on the Registrant s website at www.sykes.com, by clicking on Investor Relations and then Corporate Governance under the heading Corporate Governance.*

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Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Tampa, and State of Florida, on this 20th day of February 2014.

SYKES ENTERPRISES, INCORPORATED
(Registrant)

By: /s/ W. Michael Kipphut
W. Michael Kipphut,
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated. Each person whose signature appears below constitutes and appoints W. Michael Kipphut his true and lawful attorney-in-fact and agent, with full power of substitution and revocation, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this report and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or should do in person, thereby ratifying and confirming all that said attorneys-in-fact and agents, or either of them, may lawfully do or cause to be done by virtue hereof.

Signature	**Title**	**Date**
/s/ Paul L. Whiting	Chairman of the Board	February 20, 2014
Paul L. Whiting		
/s/ Charles E. Sykes	President and Chief Executive Officer and	February 20, 2014
Charles E. Sykes	Director (Principal Executive Officer)	
/s/ Lt. Gen. Michael P. Delong (Ret.)	Director	February 20, 2014
Lt. Gen. Michael P. Delong (Ret.)		
/s/ H. Parks Helms	Director	February 20, 2014
H. Parks Helms		
/s/ Iain A. Macdonald	Director	February 20, 2014
Iain A. Macdonald		
/s/ James S. MacLeod	Director	February 20, 2014
James S. MacLeod		
/s/ Linda F. McClintock-Greco M.D.	Director	February 20, 2014
Linda F. McClintock-Greco M.D.		

/s/ William J. Meurer	Director	February 20, 2014
William J. Meurer		
/s/ James K. Murray, Jr.	Director	February 20, 2014
James K. Murray, Jr.		
/s/ W. Michael Kipphut	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	February 20, 2014
W. Michael Kipphut		

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of

Sykes Enterprises, Incorporated

Tampa, Florida

We have audited the accompanying consolidated balance sheets of Sykes Enterprises, Incorporated and subsidiaries (the Company) as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income (loss), changes in shareholders equity, and cash flows for each of the three years in the period ended December 31, 2013. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Sykes Enterprises, Incorporated and subsidiaries as of December 31, 2013 and 2012 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company s internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 20, 2014 expressed an unqualified opinion on the Company s internal control over financial reporting.

/s/ Deloitte & Touche LLP

Certified Public Accountants

Tampa, Florida

February 20, 2014

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SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheets

(in thousands, except per share data)	December 31, 2013	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	**$ 211,985**	$ 187,322
Receivables, net	**264,916**	247,633
Prepaid expenses	**15,710**	12,370
Other current assets	**20,672**	20,017
Total current assets	**513,283**	467,342
Property and equipment, net	**117,549**	101,295
Goodwill, net	**199,802**	204,231
Intangibles, net	**76,055**	92,037
Deferred charges and other assets	**43,572**	43,784
	$ 950,261	$ 908,689
Liabilities and Shareholders Equity		
Current liabilities:		
Accounts payable	**$ 25,540**	$ 24,985
Accrued employee compensation and benefits	**81,064**	73,103
Current deferred income tax liabilities	**84**	92
Income taxes payable	**1,274**	800
Deferred revenue	**35,025**	34,283
Other accrued expenses and current liabilities	**30,393**	31,320
Total current liabilities	**173,380**	164,583
Deferred grants	**6,637**	7,607
Long-term debt	**98,000**	91,000
Long-term income tax liabilities	**24,647**	26,162
Other long-term liabilities	**11,893**	13,073
Total liabilities	**314,557**	302,425
Commitments and loss contingency (Note 24)		
Shareholders equity:		
Preferred stock, $0.01 par value, 10,000 shares authorized; no shares issued and outstanding		
Common stock, $0.01 par value, 200,000 shares authorized; 43,997 and 43,790 shares issued, respectively	**440**	438
Additional paid-in capital	**279,513**	277,192
Retained earnings	**349,366**	315,187
Accumulated other comprehensive income	**7,997**	14,856
Treasury stock at cost: 122 shares and 108 shares, respectively	**(1,612)**	(1,409)
Total shareholders equity	**635,704**	606,264
	$ 950,261	$ 908,689

See accompanying Notes to Consolidated Financial Statements.

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SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Operations

	Years Ended December 31,		
(in thousands, except per share data)	**2013**	**2012**	**2011**
Revenues	**$ 1,263,460**	$ 1,127,698	$ 1,169,267
Operating expenses:			
Direct salaries and related costs	**855,266**	737,952	763,930
General and administrative	**297,519**	290,373	287,033
Depreciation, net	**42,084**	40,369	46,111
Amortization of intangibles	**14,863**	10,479	7,961
Net (gain) loss on disposal of property and equipment	**201**	391	(3,021)
Impairment of long-lived assets		355	1,718
Total operating expenses	**1,209,933**	1,079,919	1,103,732
Income from continuing operations	**53,527**	47,779	65,535
Other income (expense):			
Interest income	**866**	1,458	1,352
Interest (expense)	**(2,307)**	(1,547)	(1,132)
Other (expense)	**(761)**	(2,533)	(2,099)
Total other income (expense)	**(2,202)**	(2,622)	(1,879)
Income from continuing operations before income taxes	**51,325**	45,157	63,656
Income taxes	**14,065**	5,207	11,342
Income from continuing operations, net of taxes	**37,260**	39,950	52,314
(Loss) from discontinued operations, net of taxes		(820)	(4,532)
Gain (loss) on sale of discontinued operations, net of taxes		(10,707)	559
Net income	**$ 37,260**	$ 28,423	$ 48,341
Net income (loss) per common share:			
Basic:			
Continuing operations	**$ 0.87**	$ 0.93	$ 1.15
Discontinued operations		(0.27)	(0.09)
Net income (loss) per common share	**$ 0.87**	$ 0.66	$ 1.06
Diluted:			
Continuing operations	**$ 0.87**	$ 0.93	$ 1.15
Discontinued operations		(0.27)	(0.09)
Net income (loss) per common share	**$ 0.87**	$ 0.66	$ 1.06
Weighted average common shares outstanding:			
Basic	**42,877**	43,105	45,506
Diluted	**42,925**	43,148	45,607

See accompanying Notes to Consolidated Financial Statements.

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SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income (Loss)

	Years Ended December 31,		
(in thousands)	**2013**	**2012**	**2011**
Net income	**$ 37,260**	$ 28,423	$ 48,341
Other comprehensive income (loss), net of taxes:			
Foreign currency translation gain (loss), net of taxes	**(3,332)**	10,088	(7,997)
Unrealized gain (loss) on net investment hedge, net of taxes	**(1,118)**		
Unrealized actuarial gain (loss) related to pension liability, net of taxes	**(263)**	428	(204)
Unrealized gain (loss) on cash flow hedging instruments, net of taxes	**(1,965)**	(132)	(2,584)
Unrealized gain (loss) on postretirement obligation, net of taxes	**(181)**	36	113
Other comprehensive income (loss), net of taxes	**(6,859)**	10,420	(10,672)
Comprehensive income (loss)	**$ 30,401**	$ 38,843	$ 37,669

See accompanying Notes to Consolidated Financial Statements.

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SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Changes in Shareholders Equity

	Common Stock				Accumulated Other Comprehensive		
(in thousands)	Shares Issued	Amount	Additional Paid-in Capital	Retained Earnings	Income (Loss)	Treasury Stock	Total
Balance at January 1, 2011	47,066	$ 471	$ 302,911	$ 265,676	$ 15,108	$ (971)	$ 583,195
Issuance of common stock	33		311				311
Stock-based compensation expense			3,582				3,582
Excess tax benefit (deficiency) from stock-based compensation			(8)				(8)
Vesting of common stock and restricted stock under equity award plans, net of forfeitures	293	3	(979)			(214)	(1,190)
Repurchase of common stock						(49,993)	(49,993)
Retirement of treasury stock	(3,086)	(31)	(24,660)	(22,214)		46,905	
Comprehensive income (loss)				48,341	(10,672)		37,669
Balance at December 31, 2011	44,306	443	281,157	291,803	4,436	(4,273)	573,566
Stock-based compensation expense			3,467				3,467
Excess tax benefit (deficiency) from stock-based compensation			(292)				(292)
Vesting of common stock and restricted stock under equity award plans, net of forfeitures	229	3	(1,195)			(220)	(1,412)
Repurchase of common stock						(7,908)	(7,908)
Retirement of treasury stock	(745)	(8)	(5,945)	(5,039)		10,992	
Comprehensive income (loss)				28,423	10,420		38,843
Balance at December 31, 2012	43,790	438	277,192	315,187	14,856	(1,409)	606,264
Issuance of common stock	**10**		**59**				**59**
Stock-based compensation expense			**4,873**				**4,873**
Excess tax benefit (deficiency) from stock-based compensation			**(187)**				**(187)**
Vesting of common stock and restricted stock under equity award plans, net of forfeitures	**538**	**5**	**(29)**			**(203)**	**(227)**
Repurchase of common stock						**(5,479)**	**(5,479)**
Retirement of treasury stock	**(341)**	**(3)**	**(2,395)**	**(3,081)**		**5,479**	
Comprehensive income (loss)				**37,260**	**(6,859)**		**30,401**
Balance at December 31, 2013	**43,997**	**$ 440**	**$ 279,513**	**$ 349,366**	**$ 7,997**	**$ (1,612)**	**$ 635,704**

See accompanying Notes to Consolidated Financial Statements.

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SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(in thousands)	Years Ended December 31, 2013	2012	2011
Cash flows from operating activities :			
Net income	**$ 37,260**	$ 28,423	$ 48,341
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	**43,094**	41,570	47,806
Amortization of intangibles	**14,863**	10,479	7,961
Amortization of deferred grants	**(1,148)**	(1,201)	(2,300)
Impairment losses		355	2,561
Unrealized foreign currency transaction (gains) losses, net	**6,302**	2,131	1,216
Stock-based compensation expense	**4,873**	3,467	3,582
Deferred income tax provision (benefit)	**(362)**	(4,867)	(3,955)
Net (gain) loss on disposal of property and equipment	**201**	391	(3,035)
Bad debt expense	**483**	1,115	532
Unrealized (gains) losses on financial instruments, net	**(15)**	(1,361)	4,138
(Recovery) of regulatory penalties			(407)
Amortization of deferred loan fees	**259**	368	585
(Gain) loss on sale of discontinued operations		10,707	(559)
Other	**(56)**	294	300
Changes in assets and liabilities, net of acquisition:			
Receivables	**(22,062)**	(6,771)	8,927
Prepaid expenses	**(3,931)**	694	(1,042)
Other current assets	**(1,177)**	1,705	(3,442)
Deferred charges and other assets	**(2,754)**	(18,388)	1,630
Accounts payable	**(1,282)**	(1,589)	(6,898)
Income taxes receivable / payable	**804**	1,555	(4,529)
Accrued employee compensation and benefits	**9,140**	4,872	2,450
Other accrued expenses and current liabilities	**(2,025)**	11,476	(2,855)
Deferred revenue	**2,826**	(163)	4,243
Other long-term liabilities	**925**	1,252	(2,636)
Net cash provided by operating activities	**86,218**	86,514	102,614
Cash flows from investing activities:			
Capital expenditures	**(59,193)**	(38,647)	(29,890)
Cash paid for business acquisition, net of cash acquired		(147,094)	
Proceeds from sale of property and equipment	**388**	240	3,973
Investment in restricted cash	**(562)**	(67)	(494)
Release of restricted cash		356	396
Cash divested on sale of discontinued operations		(9,100)	
Proceeds from insurance settlement		228	1,654
Net cash (used for) investing activities	**(59,367)**	(194,084)	(24,361)

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SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(Continued)

	Years Ended December 31,		
(in thousands)	**2013**	**2012**	**2011**
Cash flows from financing activities:			
Payments of long-term debt	**(25,000)**	(22,000)	
Proceeds from issuance of long-term debt	**32,000**	113,000	
Proceeds from issuance of common stock	**59**		311
Cash paid for repurchase of common stock	**(5,479)**	(7,908)	(49,993)
Proceeds from grants	**201**	88	(225)
Shares repurchased for minimum tax withholding on equity awards	**(227)**	(1,412)	(1,190)
Cash paid for loan fees related to long-term debt		(857)	
Other			(8)
Net cash provided by (used for) financing activities	**1,554**	80,911	(51,105)
Effects of exchange rates on cash	**(3,742)**	2,859	(5,855)
Net increase (decrease) in cash and cash equivalents	**24,663**	(23,800)	21,293
Cash and cash equivalents beginning	**187,322**	211,122	189,829
Cash and cash equivalents ending	**$ 211,985**	$ 187,322	$ 211,122
Supplemental disclosures of cash flow information:			
Cash paid during period for interest	**$ 2,149**	$ 2,239	$ 1,065
Cash paid during period for income taxes	**$ 16,889**	$ 28,822	$ 24,631
Non-cash transactions:			
Property and equipment additions in accounts payable	**$ 6,002**	$ 3,782	$ 2,434
Unrealized gain on postretirement obligation in accumulated other comprehensive income (loss)	**$ (181)**	$ 36	$ 113

See accompanying Notes to Consolidated Financial Statements.

SYKES ENTERPRISES, INCORPORATED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 1. Overview and Summary of Significant Accounting Policies

Business Sykes Enterprises, Incorporated and consolidated subsidiaries (SYKES or the Company) provides comprehensive outsourced customer contact management solutions and services in the business process outsourcing arena to companies, primarily within the communications, financial services, technology/consumer, transportation and leisure, and healthcare industries. SYKES provides flexible, high-quality outsourced customer contact management services (with an emphasis on inbound technical support and customer service), which includes customer assistance, healthcare and roadside assistance, technical support and product sales to its clients customers. Utilizing SYKES integrated onshore/offshore global delivery model, SYKES provides its services through multiple communication channels encompassing phone, e-mail, social media, text messaging and chat. SYKES complements its outsourced customer contact management services with various enterprise support services in the United States that encompass services for a company s internal support operations, from technical staffing services to outsourced corporate help desk services. In Europe, SYKES also provides fulfillment services including multilingual sales order processing via the Internet and phone, payment processing, inventory control, product delivery and product returns handling. The Company has operations in two reportable segments entitled (1) the Americas, which includes the United States, Canada, Latin America, Australia and the Asia Pacific Rim, in which the client base is primarily companies in the United States that are using the Company s services to support their customer management needs; and (2) EMEA, which includes Europe, the Middle East and Africa.

Acquisition In August 2012, the Company completed the acquisition of Alpine Access, Inc. (Alpine), a Delaware corporation, pursuant to the Agreement and Plan of Merger, dated July 27, 2012. The Company has reflected the operating results in the Consolidated Statement of Operations since August 20, 2012. See Note 2, Acquisition of Alpine Access, Inc., for additional information on the acquisition of this business.

Discontinued Operations In March 2012, the Company sold its operations in Spain (the Spanish operations), pursuant to an asset purchase agreement dated March 29, 2012 and a stock purchase agreement dated March 30, 2012. The Company reflected the operating results related to the Spanish operations as discontinued operations in the Consolidated Statements of Operations for the years ended December 31, 2012 and 2011. Cash flows from discontinued operations are included in the Consolidated Statements of Cash Flows for the years ended December 31, 2012 and 2011. See Note 3, Discontinued Operations, for additional information on the sale of the Spanish operations.

Principles of Consolidation The consolidated financial statements include the accounts of SYKES and its wholly-owned subsidiaries and controlled majority-owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles or U.S. GAAP) requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.