

SYKES ENTERPRISES INC
Form 8-K
May 07, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 3, 2012

Sykes Enterprises, Incorporated

(Exact name of registrant as specified in its charter)

Florida
(State or other jurisdiction
of incorporation)

0-28274
(Commission
File Number)

56-1383460
(IRS Employer
Identification No.)

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400 N. Ashley Drive,

Tampa, Florida

(Address of principal executive offices)

Registrant's telephone number, including area code: (813) 274-1000

33602

(Zip Code)

(Former name or former address if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

New Credit Agreement

On May 3, 2012, Sykes Enterprises, Incorporated (Sykes), entered into a Credit Agreement with a group of lenders and KeyBank National Association, as Lead Arranger, Sole Book Runner and Administrative Agent, a copy of which is attached to this Report as Exhibit 10.1. The Credit Agreement provides for a \$245 million revolving credit facility.

The \$245 million revolving credit facility provided under the Credit Agreement replaces Sykes' previous \$75 million senior revolving credit facility provided by KeyBank under the Credit Agreement among Sykes, the lenders named therein and KeyBank, as Lead Arranger, Sole Book Runner and Administrative Agent, dated February 2, 2010, as amended.

Set forth below is a summary of the material terms of the Credit Agreement. The summary is not complete and is subject to and qualified in its entirety by reference to the full text of the Credit Agreement, which is incorporated herein by reference to Exhibit 10.1.

Maturity

The revolving facility will mature on May 2, 2017.

Revolver Sub-Limits

The revolving facility includes a \$183.8 million alternate-currency sub-facility, a \$10 million swingline sub-facility and a \$35 million letter of credit sub-facility.

Interest Rate

Borrowings under the \$245 million facility will bear interest at either LIBOR or the base rate plus, in each case, an applicable margin based on Sykes' leverage ratio. The applicable interest rate will be determined quarterly based on Sykes' leverage ratio at such time. The base rate is a rate per annum equal to the greatest of (i) the rate of interest established by Key, from time to time, as its prime rate; (ii) the Federal Funds effective rate in effect from time to time, plus 1/2 of 1% per annum; and (iii) the then-applicable LIBOR rate for one month interest periods, plus 1.00%. Swing Line Loans will bear interest only at the base rate plus the base rate margin.

Borrowings are estimated to open at LIBOR plus 112.5 basis points with a 17.5 basis points commitment fee. Under the terms of the previous facility, borrowings incurred interest at LIBOR plus 300.0 basis points and a commitment fee of 50.0 basis points.

Interest Payments

For base rate borrowings, the interest payments are due quarterly. For LIBOR borrowings, the interest payments are due at the end of each LIBOR interest period, but in no case more than three months.

Fees

Sykes is required to pay certain customary fees, including a commitment fee which is due quarterly in arrears and calculated on the daily unused amount of the revolving facility.

Guarantees and Security

The \$245 million facility is guaranteed by all of Sykes' 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 the direct foreign subsidiaries of Sykes and the guarantors.

Other Terms and Conditions

The credit agreement contains usual and customary terms and conditions, including usual and customary conditions precedent for advances, affirmative covenants, negative covenants, financial reporting requirements, financial covenants, representations and warranties, indemnities, events of default and remedies, agency provisions, and other provisions customary for transactions of this type.

Among the negative covenants, the credit agreement includes restrictions on indebtedness, investments, liens, asset sales, affiliate transactions, and equity issuances by subsidiaries.

Among the financial covenants, the credit agreement provides that:

The leverage ratio cannot exceed 2.75 to 1 at any time;

The interest coverage ratio cannot be less than 3 to 1 at any time;

Item 1.02 Termination of a Material Definitive Agreement.

The \$245 million revolving credit facility described in Item 1.01 above replaces Sykes' previous senior revolving credit facility provided by KeyBank under the Credit Agreement among Sykes, the lenders named therein and KeyBank, as Lead Arranger, Sole Book Runner and Administrative Agent, dated February 2, 2010, as amended, which agreement was terminated simultaneous with entering into the new Credit Agreement.

Item 9.01. Financial Statements and Exhibits.

(d) The following exhibits are included with this Report:

Exhibit 10.1 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

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SYKES ENTERPRISES, INCORPORATED

Date: May 7, 2012

By: /s/ W. Michael Kipphut
Executive Vice President and
Chief Financial Officer