

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JUNE 7, 1999.

REGISTRATION NO. 333-75151

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 3

TO

FORM F-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

AMDOCS LIMITED
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

ISLAND OF GUERNSEY
(STATE OR OTHER JURISDICTION OF
INCORPORATION OR ORGANIZATION)

7371
(PRIMARY STANDARD INDUSTRIAL
CLASSIFICATION CODE NUMBER)

NOT APPLICABLE
(I.R.S. EMPLOYER
IDENTIFICATION NO.)

TOWER HILL HOUSE LE BORDAGE
ST. PETER PORT, ISLAND OF GUERNSEY, GY1 3QT CHANNEL ISLANDS
011-44-1481-727272
(ADDRESS AND TELEPHONE NUMBER OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

AMDOCS, INC.
1610 DES PERES ROAD, ST. LOUIS, MISSOURI 63131
ATTENTION: THOMAS G. O'BRIEN, TREASURER
314-821-3242
(NAME, ADDRESS, AND TELEPHONE NUMBER OF AGENT FOR SERVICE)

THE COMMISSION IS REQUESTED TO SEND COPIES OF ALL COMMUNICATIONS TO:

ROBERT A. SCHWED, ESQ.
REBOUL, MACMURRAY, HEWITT, MAYNARD & KRISTOL
45 ROCKEFELLER PLAZA
NEW YORK, NEW YORK 10111
(212) 841-5700

PHYLLIS G. KORFF, ESQ.
SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
919 THIRD AVENUE
NEW YORK, NEW YORK 10022
(212) 735-3000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, please check the following box. []

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier

effective registration statement for the same offering. []

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. []

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

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The inside front cover pages contain the following:

- * Amdocs Logo with text and pictures of telecommunications users superimposed upon a globe of the Earth. Text: Business Support Systems Solutions for the Telecommunications Industry.
- * Amdocs Logo with text and a graphical representation of the different components that comprise Amdocs' customer care and billing platform. Text: Customer Care and Billing Platform. Comprehensive Customer Care and Billing Platform supporting wireline, wireless and multi-service convergence telecom carriers.

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EXPLANATORY NOTE

This Registration Statement relates to an offering of up to 20,000,000 of our ordinary shares (or 23,000,000 shares if the underwriters' over-allotment option is exercised in full) for sale directly to the public, of which 2,000,000 ordinary shares will be offered by us and 18,000,000 will be offered by the selling shareholders identified in this prospectus, and up to 10,000,000 of our ordinary shares (or 11,500,000 shares if the underwriters' over-allotment option is exercised in full) that may be delivered by the Amdocs Automatic Common Exchange Security Trust, a non-diversified closed-end management investment company, to holders of its Automatic Common Exchange Securities upon exchange of those securities. The Automatic Common Exchange Securities are being offered pursuant to a separate prospectus of the Amdocs Automatic Common Exchange Security Trust included in a registration statement on Form N-2 (Registration Nos. 333-73265 and 811-09245).

This Registration Statement contains two forms of prospectus: one to be used in connection with our ordinary share offering and one to be attached to the Amdocs Automatic Common Exchange Security Trust prospectus. The prospectus to be attached to the Amdocs Automatic Common Exchange Security Trust prospectus will be identical to the one used for the ordinary share offering except for the front and back cover pages and except that the Trust prospectus contains additional sections entitled "Plan of Distribution" and "Trust Prospectus" and does not contain a section entitled "Underwriting".

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated June 7, 1999.

20,000,000 Shares
AMDOCS LIMITED

Ordinary Shares

LOGO

Amdocs is offering 2,000,000 ordinary shares to be sold in the offering. The selling shareholders identified in this prospectus are offering an additional 18,000,000 ordinary shares.

In addition to the offering described in this prospectus, the Amdocs Automatic Common Exchange Security Trust (the "TRACES Trust") shareholder named in this prospectus is offering up to 10,000,000 ordinary shares (or up to 11,500,000 ordinary shares if the underwriters' over-allotment option is exercised in full) that may be delivered by the TRACES Trust to holders of Automatic Common Exchange Securities of the TRACES Trust upon exchange of such securities on the Exchange Date as defined in the prospectus attached to the TRACES Trust prospectus (the "Trust Prospectus"). The Automatic Common Exchange Securities are being sold by the TRACES Trust in an offering described in the Trust Prospectus. The respective closings of the offerings of the ordinary shares and the Automatic Common Exchange Securities are not dependent upon one another.

Amdocs will not receive any proceeds from the sale of the ordinary shares by the selling shareholders or the sale of the Automatic Common Exchange Securities by the TRACES Trust.

The ordinary shares are listed on the New York Stock Exchange under the symbol "DOX." The last reported sale price of our ordinary shares on June 3, 1999 was \$22.88 per share.

See "Risk Factors" on page 9 to read about factors you should consider before buying our ordinary shares.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER REGULATORY BODY HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Per Share	Total
	-----	-----
Initial price to public.....	\$	\$
Underwriting discount.....	\$	\$
Proceeds, before expenses, to Amdocs.....	\$	\$
Proceeds, before expenses, to the selling shareholders.....	\$	\$

The underwriters may, under certain circumstances, purchase up to an additional 3,000,000 shares from Amdocs and the selling shareholders at the initial price to public less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on _____, 1999.

GOLDMAN, SACHS & CO.

BANC OF AMERICA SECURITIES LLC

Prospectus dated , 1999.

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ENFORCEABILITY OF CIVIL LIABILITIES

We are incorporated under the laws of the Island of Guernsey ("Guernsey"). Several of our directors and officers named herein are not residents of the United States, and a significant portion of our assets and the assets of those persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon those persons or to enforce against them in U.S. courts judgments predicated upon the civil liability provisions of the laws of the United States, including the federal securities laws. We have irrevocably appointed Amdocs, Inc., one of our U.S. subsidiaries, as our agent to receive service of process in any action against us in any Federal court or court of the State of New York arising out of the offering and sale of securities in connection with this prospectus.

We have been advised by Carey Langlois, our Guernsey counsel, that there is doubt as to the enforceability against our directors and officers in Guernsey, whether in original actions in a Guernsey court or in actions in a Guernsey court for the enforcement of judgments of a U.S. court, of civil liabilities predicated solely upon the laws of the United States, including the federal securities laws. However, subject to certain time limitations, Guernsey courts may base original actions in Guernsey on foreign final executory judgments, including those of the United States, for liquidated amounts in civil matters, obtained after completion of due process before a court of competent jurisdiction (according to the rules of private international law currently prevailing in Guernsey) which recognizes and enforces similar Guernsey judgments, provided that:

- adequate service of process has been effected and the defendant has had a reasonable opportunity to be heard;
- such judgments or the enforcement thereof are not contrary to the law, public policy, security or sovereignty of Guernsey;
- such judgments were not obtained by fraudulent means and do not conflict with any other valid judgment in the same matter between the same parties; and
- an action between the same parties in the same matter is not pending in any Guernsey court at the time the lawsuit is instituted in the foreign court.

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PROSPECTUS SUMMARY

You should read the following summary together with the more detailed information regarding our company and the ordinary shares being sold in this offering and our financial statements and notes to those financial statements appearing elsewhere in this prospectus. Unless otherwise indicated, all information in this prospectus assumes the underwriters' option to purchase additional shares in the offering will not be exercised. See "Description of Share Capital" and "Underwriting". References in this prospectus to "Amdocs," "we," "our," "us" and the "Company" refer to Amdocs Limited and its consolidated subsidiaries and their respective predecessors. References to "dollars" or "\$" are to United States dollars.

Unless otherwise stated, all references in this prospectus to ordinary shares are to both voting and nonvoting ordinary shares, all references to percentage ownership of our ordinary shares exclude the effect of the ordinary shares being offered by this prospectus and all references to ordinary voting and nonvoting share ownership, as expressed in percentages, are as of April 30, 1999.

AMDOCS

We are a leading provider of product-driven information system solutions to major telecommunications companies in North America, Europe and around the world. Our Business Support Systems consist of families of products designed to meet the mission-critical needs of specific market sectors. We provide integrated, comprehensive customer care and billing systems for wireline and wireless network operators and service providers. We also provide customer care and billing systems to companies that offer multiple service packages, commonly referred to as convergent services, such as local, long distance, international, data, Internet, Voice Over Internet Protocol, cellular, personal communications services and paging. In addition, we provide a full-range of directory sales and publishing systems to publishers of both traditional printed yellow page and white page directories and Internet directories.

Since the inception of our business in 1982, we have concentrated on providing software products and services to major telecommunications companies. By focusing on this market, we believe that we have been able to develop the innovative products and the industry expertise, project management skills and technological competencies required for the advanced, large-scale, specifications-intensive system projects typical of the telecommunications industry. Our customer base includes the largest local exchange service providers in the United States, major foreign network operators and service providers such as Deutsche Telekom (Germany) and Telstra Corporation Ltd. (Australia) and emerging market leaders.

We believe that our total solutions orientation, product functionality and quality personnel permit us to offer effective solutions to our customers that are both highly innovative and reliable. Our software products are based on an advanced three-tier client-server architecture that provides the flexibility and scalability needed by major companies in the highly competitive, rapidly changing telecommunications industry. We have developed an extensive library of Business Support System software products, providing comprehensive support for the various types of telecommunications operations. Core elements include customer care, order management, call rating, invoice calculation, bill formatting, collections, fraud management and directory publishing. Our products have also been configured to support the growing trend for communications companies to provide convergent wireline and wireless services. We also offer our customers a range of support services to provide a complete systems solution. These services include software customization to address each customer's specific requirements, as well as implementation support, system integration, maintenance, ongoing support and outsourcing services.

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The telecommunications industry is undergoing rapid and fundamental changes due to the increased demand for telecommunications services, deregulation, privatization and technological advancements. These changes are creating opportunities for new entrants to provide both traditional and new types of services, including Internet, Voice over Internet Protocol telephony, Internet directories, data and convergent services. In this environment, telecommunications service providers increasingly need to compete for customers by providing service and product offerings that are differentiated by factors such as service quality, advanced features, rapid implementation of new services, technological innovation and price.

As a result of these developments, many telecommunications companies are seeking a new generation of information systems to support their operations and to be more competitive. In addition, many new and existing service providers do not have the financial or human resources or technological capability to internally develop efficient, flexible, cost-effective information systems on a timely basis. Moreover, as many telecommunications companies strive to become more consumer oriented, they are concentrating their efforts and resources on marketing to consumers and expanding their service offerings and many are turning to third party vendors for their information systems. All of these

factors create significant opportunities for us to provide information system solutions.

We derive our revenue principally from

- the sale of our Business Support System products and related services, including license fees and customization and implementation services, and
- recurring revenue from ongoing maintenance, support, outsourcing and related services provided to our customers and to a lesser degree, from incremental license fees resulting from increases in a customer's subscribers.

Customer care and billing systems and related services accounted for \$199.6 million or 71.5% of our revenue for the six months ended March 31, 1999 and \$251.8 million or 62.4% of our revenue for the year ended September 30, 1998. Directory sales and publishing systems and related services and other activities accounted for \$79.7 million or 28.5% of our revenue for the six months ended March 31, 1999 and \$151.9 million or 37.6% of our revenue for the year ended September 30, 1998.

As of March 31, 1999, we had approximately 4,150 full-time equivalent employees, of which approximately 3,600 were software and information technology specialists engaged in research, development, maintenance and support activities. Our Israeli subsidiary employs over 2,600 software and information technology specialists and operates our largest development facility. In the United States, our main sales and development center is located in St. Louis, Missouri. The executive offices of our principal subsidiary in the United States are located at 1610 Des Peres Road, St. Louis, Missouri 63131, and the telephone number at that location is (314) 821-3242.

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THE OFFERING

Shares offered by Amdocs.....	2,000,000 shares
Shares offered by the selling shareholders.....	18,000,000 shares
Shares to be outstanding after the offering.....	198,800,024(1)
Use of proceeds.....	To repay a portion of our outstanding revolving bank debt and for general corporate purposes, principally working capital and capital expenditures. See "Use of Proceeds".
NYSE symbol.....	DOX

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- (1) Based on ordinary shares outstanding as of June 7, 1999. Does not include (i) approximately 4,231,000 ordinary shares reserved for issuance upon the exercise of stock options that have been granted through March 31, 1999 under our stock option plan and (ii) approximately 2,369,000 ordinary shares to be reserved for future issuance of stock options under our stock option plan.

In addition to the offering described in this prospectus, the TRACES Trust shareholder named in this prospectus is offering up to 10,000,000 ordinary shares (or up to 11,500,000 ordinary shares if the underwriters' over-allotment option is exercised in full) that may in certain circumstances be delivered by the TRACES Trust to holders of its Automatic Common Exchange Securities upon exchange of those securities on the Exchange Date.

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SUMMARY CONSOLIDATED FINANCIAL INFORMATION

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP") and

presented in dollars. The summary consolidated financial information set forth below has been derived from the combined or consolidated financial statements of Amdocs and its subsidiaries for the fiscal periods presented. During the year ended September 30, 1994, Amdocs' operating subsidiaries were operated as a group of companies owned by common shareholders, and financial statements for such periods were prepared on a combined basis and were not audited. Information as of and for the four years ended September 30, 1998 is derived from our consolidated financial statements which have been audited by Ernst & Young LLP, our independent auditors. The summary consolidated financial information as of and for the six months ended March 31, 1999 and 1998 is derived from our unaudited consolidated financial statements. The unaudited financial information reflects all adjustments (consisting only of normal recurring adjustments) that we consider necessary for a fair statement of our consolidated financial position and the results of operations for such periods. The results of operations for the six months ended March 31, 1999 are not necessarily indicative of results to be expected for any future period.

The information presented below is qualified by the more detailed consolidated financial statements included elsewhere in this prospectus and should be read in conjunction with those consolidated financial statements and the discussion under "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus.

	SIX MONTHS ENDED MARCH 31,		YEAR ENDED SEPTEMBER 30,				
	1999	1998	1998	1997	1996	1995	1994
	(UNAUDITED)		(UNAUDITED)				
	(IN THOUSANDS, EXCEPT PER SHARE DATA)						
STATEMENT OF OPERATIONS DATA:							
Revenue.....	\$279,255	\$180,566	\$403,767	\$290,102	\$211,720	\$167,312	\$121,310
Operating income.....	65,786	35,970	84,895	26,969	35,490	15,377	22,047
Net income(1).....	43,283	12,066	30,107	5,876	24,508	11,224	16,068
Basic earnings per share.....	0.22	0.09	0.19	0.05	0.23	0.11	0.17
Diluted earnings per share.....	0.22	0.09	0.19	0.05	0.22	0.11	0.17
Dividends declared per share(2).....	--	3.76	3.76	0.18	0.35	0.17	0.15

	AT MARCH 31,			AT SEPTEMBER 30,				
	1999	1999	1998	1998	1997	1996	1995	1994
	(AS ADJUSTED) (4)	(ACTUAL)	(UNAUDITED)	(UNAUDITED)				
	(IN THOUSANDS)							
BALANCE SHEET DATA:								
Total assets(4).....	\$313,594	\$301,550	\$223,882	\$239,966	\$220,582	\$104,531	\$101,483	\$ 77,106
Long-term obligations (net of current portion).....	12,675	12,675	339,615	9,215	7,370	1,663	--	--
Shareholders' equity (deficit) (2) (3) (4)...	67,815	25,771	(273,917)	(21,889)	94,253	15,988	29,429	21,872

(1) In the fourth quarter of fiscal 1997, we recorded nonrecurring charges of \$27,563. Of such amount, \$25,763 is attributable to the funding of a contribution to a trust and the balance, \$1,800, is due to the write-off of in-process technology related to certain software rights acquired from several operating subsidiaries of SBC Communications Inc.

(2) In January 1998, we paid dividends totaling \$478,684.

(3) In June 1998, we completed our initial public offering of 18,000 ordinary shares. The net proceeds from the offering to us were \$234,190.

(4) Adjusted to give effect to the sale of the 2,000 ordinary shares by us in

the offering, at an assumed public offering price of \$22.88 per share, after deducting the underwriting discount and estimated offering expenses. Adjustments assume that \$30.0 million of the proceeds we receive in the offering are used to repay outstanding revolving loans under our bank credit facility, which we classify as short-term obligations. See "Use of Proceeds".

RISK FACTORS

Investing in our ordinary shares involves significant risks. You should carefully consider the following risks before deciding to invest in our ordinary shares. In preparing this document, we have made certain assumptions and projections. We generally use words like "expect," "believe" and "intend" to indicate these assumptions and projections. Our assumptions and projections could be wrong for many reasons, including the reasons discussed in this section. We do not promise to notify you if we learn that our assumptions or projections in this prospectus are wrong. See "Forward-Looking Statements" for more information.

RISKS APPLICABLE TO OUR BUSINESS

FUNDAMENTAL CHANGES IN THE TELECOMMUNICATIONS MARKET COULD REDUCE DEMAND FOR OUR SYSTEMS

Future developments in the telecommunications industry, such as continued industry consolidation, the formation of alliances among network operators and service providers and changes in the regulatory environment, could adversely affect our existing or potential customers. This could reduce the demand for our products and services. As a result, we may be unable to effectively market and sell our information systems to potential customers in the telecommunications industry.

We derive a significant portion of our revenue from products and services provided to directory publishers. We believe that the demand for such products and services will be affected by the extent of increased competition between directory publishers and other media channels, as well as a broader introduction of electronic directories. Our new products for these markets may not be successful or we may be unable to maintain our current level of revenue from directory systems.

IF WE CANNOT COMPETE SUCCESSFULLY WITH EXISTING OR NEW COMPETITORS OUR BUSINESS COULD BE MATERIALLY ADVERSELY AFFECTED

We may be unable to compete successfully with existing or new competitors and our failure to adapt to changing market conditions and to compete successfully with established or new competitors could have a material adverse effect on our results of operations and financial condition.

The market for telecommunications information systems is highly competitive and fragmented, and we expect this competition to increase. We compete with independent providers of information systems and services and with in-house software departments of telecommunications companies. Our competitors include firms that provide comprehensive information systems, software vendors that sell products for particular aspects of a total information system, systems integrators, service bureaus and companies that offer software systems in combination with the sale of network equipment. We anticipate continued growth and competition in the telecommunications industry and, consequently, the emergence of new software providers in the industry that will compete with us.

We also believe that our ability to compete depends in part on a number of competitive factors, including:

- the development by others of software that is competitive with our products and services;
- the price at which others offer competitive software and services;
- the responsiveness of our competitors to customer needs; and
- the ability of our competitors to hire, retain and motivate key

personnel.

We compete with a number of companies that have longer operating histories, larger customer bases, substantially greater financial, technical, sales, marketing and other resources,

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and greater name recognition than do we. Current and potential competitors have established, and may establish in the future, cooperative relationships among themselves or with third parties to increase their ability to address the needs of our prospective customers. Accordingly, new competitors or alliances among competitors may emerge and rapidly acquire significant market share. As a result, our competitors may be able to adapt more quickly than us to new or emerging technologies and changes in customer requirements, and may be able to devote greater resources to the promotion and sale of their products.

WE MUST CONTINUALLY ENHANCE OUR PRODUCTS TO REMAIN COMPETITIVE

We believe that our future success will depend, to a significant extent, upon our ability to enhance our existing products and to introduce new products and features to meet the requirements of our customers in a rapidly developing and evolving market. We are currently devoting significant resources to refining and expanding our base software modules and to developing Business Support System products that operate on state-of-the-art operating systems. Our present or future products may not satisfy the evolving needs of the telecommunications market. If we are unable to anticipate or respond adequately to such demands, due to resource, technological or other constraints, our business and results of operations could be materially adversely affected.

WE DEPEND ON SBC COMMUNICATIONS INC. FOR A SIGNIFICANT PORTION OF OUR REVENUES

Our single largest group of customers are SBC Communications Inc., or SBC, and its operating subsidiaries. SBC International Inc., or SBCI, a wholly owned subsidiary of SBC, is also one of our significant shareholders. It currently holds approximately 22.0% of our outstanding ordinary shares. A significant decrease in the sale of products and services to SBC or its subsidiaries may materially adversely affect our results of operations and financial condition.

Substantially all our work for SBC is conducted directly with SBC's operating subsidiaries, such as Southwestern Bell Mobile Systems, Southwestern Bell Yellow Pages, Southwestern Bell Communications Services (SBC's long distance provider) and Southwestern Bell Telephone Company. These SBC relationships accounted for in the aggregate 16.6% of our total revenue in the first six months of fiscal 1999 and 20.8%, 34.5% and 38.0% of revenue in fiscal 1998, 1997 and 1996, respectively. The absolute amount of revenue attributable to SBC and such subsidiaries amounted to \$46.2 million in the first six months of fiscal 1999 and \$84.4 million, \$99.9 million and \$80.5 million in fiscal 1998, 1997 and 1996, respectively.

OUR BUSINESS IS HIGHLY DEPENDENT ON A LIMITED NUMBER OF SIGNIFICANT CUSTOMERS

Our business is highly dependent on a limited number of significant customers. The loss of any significant customer or a significant decrease in business from any of those customers could have a material adverse effect on our results of operations and financial condition. We have approximately 70 customers, and revenue derived from our five largest customers, excluding SBC and its operating subsidiaries, accounted for approximately 23.5% of revenue in the first six months of fiscal 1999 and 27.1%, 33.2% and 42.7% of revenue in fiscal 1998, 1997 and 1996, respectively.

Although we have received a substantial portion of our revenue from repeat business with established customers, most of our major customers do not have any obligation to purchase additional products or services and generally have already acquired fully paid licenses to their installed systems. Therefore, our customers may not continue to purchase new systems, system enhancements and services in amounts similar to previous years.

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OUR FUTURE SUCCESS DEPENDS ON OUR ABILITY TO DEVELOP LONG-TERM RELATIONSHIPS WITH NEW CUSTOMERS

We believe that our future success depends to a significant extent on our ability to develop new long-term relationships with successful network operators and service providers. Many new entrants into the telecommunications market lack significant financial and other resources. We may be unable to develop new customer relationships and our new customers may be unsuccessful. Our failure to attract new customer relationships or the failure of new customers to be successful could have a material adverse effect on our business, results of operations and financial condition.

THE SKILLED EMPLOYEES THAT WE NEED MAY BE DIFFICULT TO HIRE AND RETAIN

Our success depends in large part on our ability to attract, train, motivate and retain highly skilled information technology professionals, software programmers and telecommunications engineers. These types of qualified personnel are in great demand and are likely to remain a limited resource for the foreseeable future. We currently employ 3,600 software and information technology specialists, of which over 2,600 are located in Israel. We intensively recruit technical personnel for our principal development centers in Israel, the United States and Cyprus. Our ability to expand our business is highly dependent upon our success in recruiting such personnel and our ability to manage and coordinate our worldwide development efforts. We may be unable to continue to attract and retain the skilled employees we require and any inability to do so could adversely impact our ability to manage and complete our existing projects and to compete for new customer contracts. In addition, the resources required to attract and retain such personnel may adversely affect our operating margins. The failure to attract and retain qualified personnel may have a material adverse effect on our business, results of operations and financial condition. Our success also depends, to a certain extent, upon the continued active participation of a relatively small group of senior management personnel who have been with us for many years. The loss of the services of all or some of these employees could have a material adverse effect on our business.

OUR QUARTERLY OPERATING RESULTS MAY FLUCTUATE

We have experienced fluctuations in our quarterly operating results and anticipate that such fluctuations may continue and could intensify. Our quarterly operating results may fluctuate as a result of many factors, including:

- the size and timing of significant customer projects and license fees;
- increased competition;
- cancellations of significant projects by customers;
- changes in operating expenses;
- changes in our strategy;
- personnel changes;
- foreign currency exchange rates; and
- general economic and political factors.

Generally, our license fee revenue and our service fee revenue relating to customization and implementation are recognized as work is performed, using percentage of completion accounting. Given our reliance on a limited number of significant customers, our quarterly results may be significantly affected by the size and timing of customer projects and our progress in completing such projects.

We believe that the placement of customer orders may be concentrated in specific quarterly periods due to the time requirements and budgetary constraints of our customers. Although we recognize revenue as projects progress, which progress may vary significantly from project to project, we believe that variations in quarterly revenue are sometimes attributable to the

timing of initial order placements. Due to the relatively fixed nature of certain of our costs, a decline of revenue in any quarter would result in lower profitability for that quarter and, in such event, the price of our ordinary shares could be materially adversely affected.

As a result of these factors and the factors that follow, we believe that period-to-period comparisons of our revenues and operating results are not necessarily meaningful.

OUR LENGTHY SALES CYCLE MAKES IT DIFFICULT TO ANTICIPATE THE TIMING OF SALES

The sales cycle associated with the purchase of our information systems is lengthy, with the time between the making of an initial proposal to a prospective customer and the signing of a sales contract typically being between six and twelve months. Information systems for telecommunications companies are relatively complex and their purchase generally involves a significant commitment of capital, with attendant delays frequently associated with large capital expenditures and implementation procedures within an organization. Moreover, the purchase of such products typically requires coordination and agreement across a potential customer's entire organization. Delays associated with such timing factors may reduce our revenue in a particular period without a corresponding reduction in our costs, which could have a material adverse effect on our results of operations and financial condition.

OUR INTERNATIONAL PRESENCE CREATES SPECIAL RISKS

We are subject to certain risks inherent in doing business in international markets, including:

- lack of acceptance of non-localized products,
- legal and cultural differences in the conduct of business,
- difficulties in staffing and managing foreign operations,
- longer payment cycles,
- difficulties in collecting accounts receivable and withholding taxes that limit the repatriation of earnings,
- trade barriers,
- immigration regulations that limit our ability to deploy our employees,
- political instability, and
- variations in effective income tax rates among countries where we conduct business.

One or more of these factors could have a material adverse effect on our international operations.

We maintain three development facilities located in Israel, the United States and Cyprus, operate a support center located in Brazil and have operations in Europe, North America, Latin America and the Asia-Pacific region. Although a majority of our revenue in fiscal 1998 was derived from customers in North America, we obtain significant revenue from customers in Europe, Australia, and Latin America. Our strategy is to continue to broaden our North American and European customer base and to expand into new international markets, the most significant of which are located in Latin America and the Asia-Pacific region.

FLUCTUATIONS IN FOREIGN CURRENCY EXCHANGE RATES COULD ADVERSELY AFFECT OUR BUSINESS

A significant portion of our operating costs are incurred outside the United States, and therefore fluctuations in exchange rates between the currencies in which such costs are incurred and the dollar may have a material adverse effect on our results of operations and financial condition. The cost of our operations in Israel, as expressed in dollars, could be adversely affected by the extent to which any increase in the rate of inflation in Israel is not

offset (or is offset on a lagging basis) by a devaluation of the Israeli currency in relation to the dollar. As a result of this differential, from time to time we experience increases in the costs of our operations in Israel, as expressed in dollars, which could in the future have a material adverse effect on our results of operations and financial condition.

Generally, the effects of fluctuations in foreign currency exchange rates are mitigated by the fact that a significant portion of our revenue is in dollars and we generally hedge our currency exposure on both a short-term and long-term basis with respect to the balance of our revenue.

The imposition of exchange or price controls or other restrictions on the conversion of foreign currencies could also have a material adverse effect on our business, results of operations and financial condition.

WE MAY BE UNABLE TO PROTECT OUR PROPRIETARY TECHNOLOGY

Any misappropriation of our technology or the development of competitive technology could seriously harm our business. We regard a substantial portion of our software products and systems as proprietary and rely on a combination of statutory and common law copyright, trademark and trade secret laws, customer licensing agreements, employee and third party non-disclosure agreements and other methods to protect our proprietary rights. We do not include in our software any mechanisms to prevent or inhibit unauthorized use, but we generally enter into confidentiality agreements with our employees, consultants, customers and potential customers and limit access to and distribution of proprietary information.

The steps we have taken to protect our proprietary rights may be inadequate. If so, we might not be able to prevent others from using what we regard as our technology to compete with us. Existing trade secret, copyright and trademark laws offer only limited protection. In addition, the laws of some foreign countries do not protect our proprietary technology to the same extent as the laws of the United States. Other companies could independently develop similar or superior technology without violating our proprietary rights.

If we have to resort to legal proceedings to enforce our intellectual property rights, the proceedings could be burdensome and expensive and could involve a high degree of risk.

CLAIMS BY OTHERS THAT WE INFRINGE THEIR PROPRIETARY TECHNOLOGY COULD HARM OUR BUSINESS

Although we have not received any notices from third parties alleging infringement claims, third parties could claim that our current or future products or technology infringe their proprietary rights. We expect that software developers will increasingly be subject to infringement claims as the number of products and competitors providing software and services to the telecommunications industry increase and overlaps occur. Any claim of infringement by a third party could cause us to incur substantial costs defending against the claim, even if the claim is invalid, and could distract our management from our business. Furthermore, a party making such a claim could secure a judgment that requires us to pay substantial damages. A judgment could also include an injunction or other court order that could prevent us from selling our products. Any of these events could seriously harm our business.

If anyone asserts a claim against us relating to proprietary technology or information, we might seek to license their intellectual property or to develop non-infringing technology. We might not be able to obtain a license on commercially reasonable terms or on any terms. Alternatively,

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our efforts to develop non-infringing technology could be unsuccessful. Our failure to obtain the necessary licenses or other rights or to develop non-infringing technology could prevent us from selling our products and could therefore seriously harm our business.

THE TERMINATION OR REDUCTION OF CERTAIN GOVERNMENT PROGRAMS AND TAX BENEFITS COULD ADVERSELY AFFECT OUR OVERALL EFFECTIVE TAX RATE

We benefit from certain government programs and tax benefits, including programs and benefits in Israel and Cyprus. To be eligible for these programs and tax benefits, we must meet certain conditions. If we fail to meet these

conditions we could be required to refund tax benefits already received. Additionally, some of these programs and the related tax benefits are available to us for a limited number of years, and these benefits expire from time to time.

Any of the following could have a material affect on our overall effective tax rate:

- some programs may be discontinued,
- we may be unable to meet the requirements for continuing to qualify for some programs,
- these programs and tax benefits may be unavailable at their current levels, or
- upon expiration of a particular benefit, we may not be eligible to participate in a new program or qualify for a new tax benefit that would offset the loss of the expiring tax benefit or we may be required to refund previously accredited tax benefits if we are found to be in violation of the stipulated conditions.

PRODUCT DEFECTS OR SOFTWARE ERRORS COULD ADVERSELY AFFECT OUR BUSINESS

Design defects or software errors may cause delays in product introductions or damage customer satisfaction and may have a material adverse effect on our business, results of operations and financial condition. Our software products are highly complex and may, from time to time, contain design defects or software errors that may be difficult to detect and correct.

Since our products are generally used by our customers to perform mission-critical functions, design defects, software errors, misuse of our products, incorrect data from external sources or other potential problems within or out of our control may arise from the use of our products, and may result in financial or other damages to our customers. Completion of the development and implementation phases of a project requires between six and twelve months of work. During this period, a customer's budgeting constraints and internal reviews, over which we have little or no control, can impact operating results. Our failure or inability to meet a customer's expectations in providing products or performing services may result in the termination of our relationship with that customer or could give rise to claims against us. Although we have license agreements with our customers that contain provisions designed to limit our exposure to potential claims and liabilities arising from customer problems, these provisions may not effectively protect us against such claims in all cases. Claims and liabilities arising from customer problems could damage our reputation, adversely affecting our business, results of operations and financial condition.

"YEAR 2000 ISSUES" MAY DISRUPT OUR OPERATIONS

The term "year 2000 issues" is a general term used to describe the various problems that may result from the improper processing of dates and faulty date calculations by computers and other machinery in the upcoming millennium. These problems generally arise from the fact that most of the world's legacy computer hardware and software have historically used only two digits to identify the year in a date, often meaning that the computer will fail to distinguish dates in the "2000s" from dates in the "1900s". These problems may also arise from other sources such as the use of special codes and conventions in software that make use of the date field.

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This could result in a system failure or miscalculation causing disruptions of operations, including, among other things, total failure of mass systems that depend on computers such as electricity, telephone networks and banking systems.

We believe that a small number of computer products marketed by us or currently used by our customers might not be year 2000 compliant. In addition, some products and services provided to our customers by other software vendors may not be year 2000 compliant, thereby disrupting the ability of our customers to use our software. We have accrued \$2.0 million at March 31, 1999, representing the estimated costs to modify our software products to address year 2000 issues under existing agreements for previously sold products. See

"Management's Discussion and Analysis of Financial Condition and Results of Operation -- Year 2000 Issues". Our ultimate costs to address the year 2000 issues may significantly exceed our estimates, in which case those costs could have a material adverse effect on our results of operations and business and financial condition. Moreover, due to our dependence on a limited number of significant customers, any material adverse impact on such customers due to year 2000 issues could also have a material adverse effect on our results of operations, business and financial conditions.

OUR SOFTWARE PRODUCTS MAY NOT SUCCESSFULLY ACCEPT THE NEW EUROPEAN MONETARY UNION CURRENCY, OR EURO, OR CONVERT FROM LOCAL CURRENCIES TO THE EURO

The euro is being phased in over a three-year period which commenced January 1, 1999 when participating European countries began using the euro currency for non-cash transactions. Computer systems and software products will need to be designed or modified to accept the euro currency and, during a transitional phase, will need to accept both the euro and local currencies. The conversion to the euro currency will require restructuring of databases and internal accounting systems and may require the conversion of historical data. We intend to offer software products that are capable of accepting the euro currency and converting from local currencies to the euro and vice versa. Our software or software provided to our customers by other vendors may not ensure an errorless transition to the euro currency. We have accrued \$1.9 million at March 31, 1999, representing the estimated costs to modify our software products to accept the euro currency under existing agreements for previously sold products. Our ultimate costs may significantly exceed our estimates, in which case those costs could have a material adverse effect on our results of operations, business and financial condition.

OUR DEVELOPMENT FACILITIES IN ISRAEL AND CYPRUS MAY BE ADVERSELY AFFECTED BY POLITICAL AND ECONOMIC CONDITIONS IN THOSE COUNTRIES

Our largest development center is located in the State of Israel. Although a substantial majority of our sales are made to customers outside Israel and we maintain significant service teams on site with our customers, we are nonetheless directly influenced by the political, economic and military conditions affecting Israel. Any major hostilities involving Israel or the interruption or curtailment of trade between Israel and its current trading partners could have a material adverse effect on our business. We have developed certain contingency plans to move certain development operations to various sites both within and outside of Israel in the event political or military conditions disrupt our normal operations.

Israel has entered into peace agreements with both Egypt and Jordan and is in the process of conducting peace negotiations with the Palestinian Community. Moreover, several other countries have announced their intentions to establish trade and other relations with Israel. Israel, however, has not entered into any peace arrangement with Syria or Lebanon. In addition, in recent months there has been a deterioration in Israel's relationship with the Palestinian Community.

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Consequently, we cannot predict how the peace process will develop or what effect it may have on us or our business.

In addition, our development facility in Cyprus may be adversely affected by political conditions in that country. As a result of intercommunal strife between the Greek and Turkish communities, Turkish troops invaded Cyprus in 1974 and continue to occupy approximately 40% of the island. Efforts to resolve the problem have not yet resulted in an agreeable solution. Recently, tensions between the parties involved have increased significantly over certain military defense issues. Any major hostilities between Cyprus and Turkey may have a material adverse effect on our development facility in Cyprus.

RISKS APPLICABLE TO OUR CAPITAL STRUCTURE

A FEW OF OUR SHAREHOLDERS MAY BE ABLE TO EXERCISE CONTROL OVER ALL MATTERS REQUIRING SHAREHOLDER APPROVAL

As a result of the concentration of ownership of our ordinary voting shares, some shareholders may be able to exercise control over matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions. This control may have the effect of delaying

or preventing a change in control of Amdocs.

Our ordinary voting shares are currently owned as follows:

- 34.2% by Welsh, Carson, Anderson & Stowe, or WCAS, a private investment firm, and its affiliates,

- 8.6% by SBCI, and

- 27.4% by Amdocs International Limited, or AIL, a private company beneficially owned by Morris S. Kahn.

SBCI also owns ordinary nonvoting shares, which together with its ordinary voting shares represent 22.0% of the ordinary shares outstanding. In addition, WCAS and certain entities in which members of our management have a beneficial interest have granted irrevocable proxies with respect to a portion of the ordinary shares held by them to a company beneficially owned by Morris S. Kahn. Giving effect to such proxies, the company beneficially owned by Morris S. Kahn and AIL together have the right to vote 45.2% of our ordinary voting shares, WCAS and its affiliates have the right to vote 20.1% of our ordinary voting shares and SBCI has the right to vote 8.6% of our ordinary voting shares.

Affiliates of WCAS and certain other investors, or the WCAS Investors, have granted a call option on some of the ordinary shares that they hold to SBCI, AIL and others who were shareholders of Amdocs prior to our initial public offering in June 1998. The call option may be exercised if we achieve specified revenue and cash flow targets in fiscal 1998 and 1999, which targets were achieved for fiscal 1998. If exercised, the option would increase the relative ownership of SBCI, AIL and those other shareholders and decrease the relative ownership of WCAS. If the targets are met in full, the WCAS Investors will hold 28.1% of our ordinary voting shares and AIL will hold 31.0% of our ordinary voting shares.

THE MARKET PRICE OF OUR ORDINARY SHARES HAS AND MAY CONTINUE TO FLUCTUATE WIDELY

The market price of our ordinary shares has fluctuated widely and may continue to do so. For example, since our initial public offering in June 1998 through May 5, 1999 the closing price of our ordinary shares ranged from a high of \$28.88 per share to a low of \$8.38 per share. Many

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factors could cause the market price of our ordinary shares to rise and fall. Some of these factors are:

- variations in our quarterly operating results;
- announcements of technological innovations;
- introduction of new products or new pricing policies by us or our competitors;
- trends in the telecommunications industry;
- acquisitions or strategic alliances by us or others in our industry;
- changes in estimates of our performance or recommendations by financial analysts; and
- market conditions in the industry and the economy as a whole.

In addition, the stock market experiences significant price and volume fluctuations. These fluctuations particularly affect the market prices of the securities of many high technology companies. These broad market fluctuations

could adversely affect the market price of our ordinary shares. When the market price of a stock has been volatile, holders of that stock have often instituted securities class action litigation against the company that issued the stock. If any of our stockholders brought a securities class action lawsuit against us, we could incur substantial costs defending the lawsuit. The lawsuit could also divert the time and attention of our management. Any of these events could seriously harm our business.

FUTURE SALES BY EXISTING SHAREHOLDERS COULD DEPRESS THE MARKET PRICE OF OUR ORDINARY SHARES

Sales of substantial amounts of ordinary shares in the public market, or the perception that such sales could occur, could adversely affect prevailing market prices for the ordinary shares. We currently have 196,800,024 ordinary shares issued and outstanding, all of which are either freely tradeable on the NYSE or currently eligible for sale pursuant to Rule 144, under the Securities Act of 1933, or the Securities Act (subject to compliance with the volume and manner of sale limitation of Rule 144), or pursuant to another exemption from the registration requirements of the Securities Act.

Our principal shareholders have the right, in certain circumstances, to require us to register their shares under the Securities Act for resale to the public. In addition, we expect to register under the Securities Act up to a total of 6,600,000 ordinary shares reserved for issuance upon the exercise of options that have been or may be granted under our stock option plans. The right to exercise options outstanding under these plans is subject to certain vesting requirements.

WE DO NOT ANTICIPATE PAYING DIVIDENDS ON OUR ORDINARY SHARES IN THE FORESEEABLE FUTURE

We do not anticipate paying dividends on our ordinary shares in the foreseeable future. In addition, the terms of bank debt incurred by our subsidiaries effectively prevent us from paying cash dividends.

THE RIGHTS OF SHAREHOLDERS OF GUERNSEY CORPORATIONS DIFFER IN SOME RESPECTS FROM THOSE OF SHAREHOLDERS OF UNITED STATES CORPORATIONS

We are incorporated under the laws of Guernsey. The rights of holders of ordinary shares are governed by Guernsey law, including the Companies Act of Guernsey, and by our Articles of Association. These rights differ in some respects from the rights of shareholders in corporations incorporated in the United States. See "Description of Share Capital" and "Comparison of United States and Guernsey Corporate Law" for a discussion of the material differences.

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USE OF PROCEEDS

The net proceeds to us from our sale of the 2,000,000 ordinary shares in the offering are estimated to be approximately \$42.0 million, after deducting the underwriting discount and the estimated offering expenses payable by us.

We intend to use a portion of the proceeds received by us to repay up to \$30.0 million principal amount of outstanding loans under our revolving credit facility. The debt to be repaid matures in June 1999 and bears interest at a rate of approximately 5.5% per annum. We expect that any proceeds not used to repay this debt will be used for general corporate purposes, including working capital and capital expenditures. We may also use a portion of the net proceeds, currently intended for general corporate purposes, to acquire or invest in businesses, technologies, products or services that are complementary to our business. We do not currently have any commitments or agreements with respect to any such acquisitions or investments. Pending any of these uses, we intend to invest the net proceeds from this offering in short-term, interest-bearing, investment grade securities.

We will not receive any of the proceeds from the sale of the ordinary shares by the selling shareholders or the sale of the Automatic Common Exchange Securities by the TRACES Trust.

MARKET PRICES AND DIVIDEND POLICY

Our ordinary shares have been quoted on the NYSE since June 19, 1998 under the symbol "DOX". Through June 3, 1999, the high and low reported closing prices for the ordinary shares were as follows:

	HIGH ----	LOW ---	DIVIDENDS -----
Fiscal Year 1998:			
Third Quarter 1998 (since June 19, 1998).....	\$16.50	\$14.00	--
Fourth Quarter 1998.....	\$15.50	\$ 8.38	--
Fiscal Year 1999:			
First Quarter 1999.....	\$17.25	\$ 8.88	--
Second Quarter 1999.....	\$25.81	\$15.06	--
Third Quarter 1999 (through June 3, 1999).....	\$28.88	\$21.00	

As of June 3, 1999, the last reported closing price of the ordinary shares on the New York Stock Exchange was \$22.88 and ordinary shares were held by approximately 139 recordholders. Based on a review of the addresses of such holders, 90 recordholders, holding approximately 62.6% of the outstanding ordinary shares, were residents of the United States.

Shareholders are advised to obtain a current market quotation for our ordinary shares.

Although in the past we have paid substantial cash dividends, we do not anticipate paying cash dividends on our ordinary shares in the foreseeable future. We declared dividends to our shareholders during fiscal 1998, 1997 and 1996 of \$478.7 million, \$19.3 million and \$37.9 million, respectively. See "Certain Transactions". We currently intend to retain our earnings to finance the development of our business.

Any future dividend policy will be determined by our board of directors based upon conditions then existing, including our earnings, financial condition and capital requirements, as well as such economic and other conditions as the board of directors may deem relevant. The terms of the revolving credit agreement under which several of our subsidiaries are borrowers effectively prevent us from paying cash dividends. In addition, future agreements under which we or any of our subsidiaries may incur indebtedness may contain limitations on our ability to pay cash dividends.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

Our consolidated financial statements are prepared in accordance with U.S. GAAP and presented in dollars. The selected consolidated financial information set forth below has been derived from the combined or consolidated financial statements of Amdocs and its subsidiaries for the fiscal periods presented. During the year ended September 30, 1994, Amdocs' operating subsidiaries were operated as a group of companies owned by common shareholders and financial statements for such periods were prepared on a combined basis and were not audited. Information as of and for the four years ended September 30, 1998 is derived from our consolidated financial statements which have been audited by Ernst & Young LLP, our independent auditors. The selected consolidated financial information as of and for the six months ended March 31, 1999 and 1998 is derived from our unaudited consolidated financial statements. The unaudited financial information reflects all adjustments (consisting only of normal recurring adjustments) that we consider necessary for a fair statement of our consolidated financial position and the results of operations for such periods. The results of operations for the six months ended March 31, 1999 are not necessarily indicative of results to be expected for any future period.

The information presented below is qualified by the more detailed consolidated financial statements included elsewhere in this prospectus and should be read in conjunction with those consolidated financial statements and the discussion under "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus.

	SIX MONTHS ENDED MARCH 31,		YEAR ENDED SEPTEMBER 30,				
	1999	1998	1998	1997	1996	1995	1994
	(UNAUDITED)		(UNAUDITED)				
	(IN THOUSANDS, EXCEPT PER SHARE DATA)						
STATEMENT OF OPERATIONS DATA:							
Revenue.....	\$279,255	\$180,566	\$403,767	\$290,102	\$211,720	\$167,312	\$121,310
Operating income.....	65,786	35,970	84,895	26,969	35,490	15,377	22,047
Net income (1).....	43,283	12,066	30,107	5,876	24,508	11,224	16,068
Basic earnings per share.....	0.22	0.09	0.19	0.05	0.23	0.11	0.17
Diluted earnings per share.....	0.22	0.09	0.19	0.05	0.22	0.11	0.17
Dividends declared per share (2).....	--	3.76	3.76	0.18	0.35	0.17	0.15

	AT MARCH 31,			AT SEPTEMBER 30,				
	1999	1999	1998	1998	1997	1996	1995	1994
	(AS ADJUSTED) (4)	(ACTUAL)	(UNAUDITED)	(UNAUDITED)				
	(IN THOUSANDS)							
BALANCE SHEET DATA:								
Total assets (4).....	\$313,594	\$301,550	\$223,882	\$239,966	\$220,582	\$104,531	\$101,483	\$ 77,106
Long-term obligations (net of current portion).....	12,675	12,675	339,615	9,215	7,370	1,663	--	--
Shareholders' equity (deficit) (2) (3) (4).....	67,815	25,771	(273,917)	(21,889)	94,253	15,988	29,429	21,872

(1) In the fourth quarter of fiscal 1997, we recorded nonrecurring charges of \$27,563. Of such amount, \$25,763 is attributable to the funding of a contribution to a trust and the balance, \$1,800, is due to the write-off of in-process technology related to certain software rights acquired from several operating subsidiaries of SBC Communications Inc.

(2) In January 1998, we paid dividends totaling \$478,684.

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(3) In June 1998, we completed our initial public offering of 18,000 ordinary shares. The net proceeds from the offering to us were \$234,190.

(4) Adjusted to give effect to the sale of the 2,000 ordinary shares by us in the offering, at an assumed public offering price of \$22.88 per share, after deducting the underwriting discount and estimated offering expenses. Adjustments assume that \$30.0 million of the proceeds we receive in the offering are used to repay outstanding revolving loans under our bank credit facility, which we classify as short-term obligations. See "Use of Proceeds".

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MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

In Management's Discussion and Analysis we explain the general financial

condition and the results of operations for Amdocs and its subsidiaries including:

- what factors affect our business,
- what our revenue and costs were in the first six months of fiscal 1999 and 1998 and fiscal 1998, 1997 and 1996,
- why those revenue and costs were different from period to period,
- the sources of our revenue,
- how all of this affects our overall financial condition,
- what our expenditures were in the first six months of fiscal 1999 and 1998 and fiscal 1998, 1997 and 1996, and
- the sources of our cash to pay for future capital expenditures.

As you read Management's Discussion and Analysis, it may be helpful to refer to Amdocs' financial statements. In Management's Discussion and Analysis, we analyze and explain the six month to six month and annual changes in the specific line items in the consolidated statements of operations. Our analysis may be important to you in making decisions about your investment in Amdocs. Our analysis contains certain forward looking statements that involve risk and uncertainties. Our actual results could differ materially from the results reflected in these forward looking statements as they are subject to a variety of risk factors. See "Risk Factors" for more information. We disclaim any obligation to update our forward looking statements.

OVERVIEW

We are a leading provider of customized software products and services to the telecommunications industry, primarily customer care and billing systems, or CC&B Systems, for wireline, wireless and multiple-service or convergent network operators and service providers. We also supply directory sales and publishing systems, or Directory Systems, to publishers of both traditional printed yellow page and white page directories and Internet directories. Our products are mission-critical for a customer's operations. Due to the complexity of the process and the expertise required for system support, we also provide extensive customization, implementation, integration, ongoing support, system enhancement, maintenance and outsourcing services.

We derive our revenue principally from:

- the initial sale of our products and related services, including license fees and customization, implementation and integration services; and
- recurring revenue from ongoing maintenance, support, outsourcing and related services provided to our customers and, to a lesser degree, from incremental license fees resulting from increases in a customer's subscribers.

License revenue is recognized concurrently as work is performed, using percentage of completion accounting. Service revenue that involves significant ongoing obligations, including fees for customization, implementation and support services, is also recognized as work is performed, under the percentage of completion method. Revenue from ongoing support and outsourcing services is recognized as work is performed. Revenue from third party hardware and software sales is recognized upon delivery. Maintenance revenue is recognized ratably over the

term of the maintenance agreement. As a result of our percentage of completion accounting policies, our annual and quarterly operating results may be significantly affected by the size and timing of customer projects and our progress in completing such projects.

Since 1992, we have invested substantial resources to develop our information technology and to expand our range of products. As a result of significant information technology expenditures, we were able to offer a full range of integrated applications for our CC&B Systems; at the same time factors such as increased demand for services, deregulation, privatization and

technological advancements began to transform the telecommunications industry.

- License and service fees from the sale of CC&B Systems amounted to \$199.6 million for the six months ended March 31, 1999, representing 71.5% of our revenue for such period.

We believe that the demand for CC&B Systems will continue to increase as the size and complexity of the telecommunications industry increases and that CC&B Systems will account for a larger share of our total revenue over time.

Although the business of publishing traditional yellow page and white page directories is a mature business in the United States, it continues to be a significant source of revenue for us worldwide. We believe that we are a leading provider of Directory Systems in most of the markets we serve.

- License and service fee revenue from the sale of Directory Systems totaled \$79.7 million for the six months ended March 31, 1999 accounting for 28.5% of our revenue for such period.

We believe that the demand for Directory Systems will be favorably impacted by a broader introduction of electronic directories. However, we anticipate that the relative contribution of license and service fees for Directory Systems to total revenue will decrease over time. We have also recently introduced a number of new products for Internet and electronic commerce applications. We anticipate that over the next several years products developed or to be developed for such applications will make a modest but increasing contribution to revenue.

Our research and development activities involve the development of new software modules and product offerings in response to an identified market demand, usually in conjunction with a customer project. We also expend additional amounts on applied research and software development activities to keep abreast of new technologies in the telecommunications market. In the next several years, we intend to continue to make significant investments in our research and development activities both for CC&B Systems and Directory Systems.

RESULTS OF OPERATIONS

The following table sets forth, for the six months ended March 31, 1999 and 1998 and for the years ended September 30, 1998, 1997 and 1996, certain items in our consolidated statements of operations reflected as a percentage of total revenue:

	SIX MONTHS ENDED MARCH 31,		YEAR ENDED SEPTEMBER 30,		
	1999	1998	1998	1997	1996
Revenue:					
License.....	11.6%	10.2%	10.6%	9.0%	7.7%
Service.....	88.4	89.8	89.4	91.0	92.3
	-----	-----	-----	-----	-----
	100.0	100.0	100.0	100.0	100.0
Operating expenses:					
Cost of license.....	1.0	3.2	2.7	1.3	1.9
Cost of service.....	57.4	58.0	57.3	59.9	61.0
Research and development.....	6.3	6.1	6.3	6.0	6.9
Selling, general and administrative.....	11.8	12.8	12.7	14.0	13.4
Nonrecurring charges.....	--	--	--	9.5	--
	-----	-----	-----	-----	-----
	76.5	80.1	79.0	90.7	83.2
Operating income.....	23.5	19.9	21.0	9.3	16.8
Other expense, net.....	1.4	6.5	6.0	1.1	0.2
	-----	-----	-----	-----	-----
Income before income taxes.....	22.1	13.4	15.0	8.2	16.6
Income taxes.....	6.6	6.7	7.5	6.2	5.0
	-----	-----	-----	-----	-----

Cumulative effect of a change in accounting

principle, net.....	--	--	*	--	--
Net income.....	15.5%	6.7%	7.5%	2.0%	11.6%
	=====	=====	=====	=====	=====

- -----
* Less than 0.1%

SIX MONTHS ENDED MARCH 31, 1999 AND 1998

REVENUE. Revenue for the six months ended March 31, 1999 was \$279.3 million, an increase of \$98.7 million, or 54.7%, compared to the six months ended March 31, 1998, primarily due to additional CC&B Systems sales to European customers. License revenue increased from \$18.4 million in the first six months of fiscal 1998 to \$32.3 million in the first six months of fiscal 1999, an increase of 75.5%, and service revenue increased 52.3% by \$84.8 million in the first six months of fiscal 1999, from \$162.1 million in the first six months of fiscal 1998 to \$246.9 million in the first six months of fiscal 1999. Total CC&B Systems revenue for the six months ended March 31, 1999 was \$199.6 million, an increase of \$98.6 million, or 97.6%, compared to the prior year's first six months. Revenue attributable to Directory Systems was \$79.7 million for the six months ended March 31, 1999, an increase of \$0.1 million, or 0.1%, from the first six months of fiscal 1998.

In the six months ended March 31, 1999, revenue from customers in North America, Europe and the rest of the world accounted for 44%, 36% and 20%, respectively, compared to 58%, 20%, and 22% respectively, in the six months ended March 31, 1998.

COST OF LICENSE. Cost of license for the six months ended March 31, 1999 was \$2.7 million, a decrease of \$3.2 million, or 54.1%, from cost of license for the six months ended March 31, 1998. Cost of license includes amortization of purchased computer software and intellectual property rights.

COST OF SERVICE. Cost of service for the first six months of fiscal 1999 was \$160.2 million, an increase of \$55.4 million, or 52.9%, compared to the cost of service of \$104.8 million for the first six months of fiscal 1998. As a percentage of revenue, cost of service decreased to 57.4% in the six months ended March 31, 1999 from 58.0% in the first six months of fiscal 1998. The absolute increase in cost of service is consistent with the increase in revenue for the first six months of fiscal 1999, as these costs are predominately compensation related and reflect increased employment levels required to support the growth in revenue.

RESEARCH AND DEVELOPMENT. Research and development expense is primarily comprised of compensation expense attributed to research and development activities, usually in conjunction with customer contracts. In the six months ended March 31, 1999, research and development expense was \$17.5 million, or 6.3% of revenue, compared with \$11.0 million, or 6.1% of revenue, in the six months ended March 31, 1998. The increase in research and development expense represents ongoing expenditures for both CC&B Systems and Directory Systems.

SELLING, GENERAL AND ADMINISTRATIVE. Selling, general and administrative expense is primarily comprised of compensation expense and increased by 43.6% to \$33.1 million, or 11.8% of revenue, in the six months ended March 31, 1999 from \$23.0 million, or 12.8% of revenue, in the corresponding period of fiscal 1998.

OPERATING INCOME. Operating income in the six months ended March 31, 1999 was \$65.8 million, as compared with \$36.0 million in the first six months of fiscal 1998, an increase of 82.9%. As a percentage of revenue, operating income was 23.5% in the first six months of fiscal 1999 as compared to 19.9% in the first six months of fiscal 1998, primarily due to an increase in license revenue and a decrease in cost of license. In addition, selling, general and administrative expense increased at a lesser rate than revenue.

OTHER EXPENSE, NET. Other expense, net is primarily interest expense incurred by us related to senior bank debt and subordinated debt, which was substantially repaid from the proceeds of our initial public offering. In the first six months of fiscal 1999, other expense, net was \$4.0 million, a decrease of \$7.8 million from the first six months of fiscal 1998.

INCOME TAXES. Income taxes in the six months ended March 31, 1999 were

\$18.6 million on income before taxes of \$61.8 million. In the prior year's first half, income taxes were \$12.1 million on income before taxes of \$24.1 million. See discussion below "-- Effective Tax Rate".

NET INCOME. Net income was \$43.3 million in the first six months of fiscal 1999 compared to \$12.1 for the first six months of fiscal 1998. The increase was primarily the result of an increase in operating income and a decrease in interest expense, which also resulted in an increase in earnings per share from \$.09 in the first six months of fiscal 1998 to \$0.22 in the first six months of fiscal 1999.

YEARS ENDED SEPTEMBER 30, 1998 AND 1997

REVENUE. Revenue for the year ended September 30, 1998 was \$403.8 million, an increase of \$113.7 million, or 39.2%, compared to the prior year. License revenue increased from \$26.0 million in fiscal 1997 to \$42.9 million in fiscal 1998, an increase of 65.0%, and service revenue increased 36.6%, or \$96.8 million, in fiscal 1998. Total CC&B Systems revenue for the year ended September 30, 1998 was \$251.8 million, an increase of \$85.5 million, or 51.4%, compared to the prior fiscal year. Revenue attributable to Directory Systems was \$151.9 million for the year ended September 30, 1998, an increase of \$28.2 million, or 22.8%, from fiscal 1997. The growth in revenue is attributable to sales to new customers as well as sales of additional products and services to existing customers.

In fiscal 1998, revenue from customers in North America, Europe and the rest of the world accounted for 52.2%, 27.2% and 20.6%, respectively, compared to 63.8%, 11.3% and 24.9%, respectively, in fiscal 1997.

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COST OF LICENSE. Cost of license for fiscal 1998 was \$10.7 million, an increase of \$7.0 million, or 189.2%, from cost of license for fiscal 1997. Cost of license in fiscal 1998 includes amortization of purchased computer software and intellectual property rights, and in fiscal 1997 included royalty expense paid to some subsidiaries of SBC in connection with the grant to us of licenses to use certain software jointly developed with those subsidiaries.

COST OF SERVICE. Cost of service for fiscal 1998 was \$231.4 million, an increase of \$57.7 million, or 33.2%, from cost of service of \$173.7 million for fiscal 1997. As a percentage of revenue, cost of service decreased to 57.3% in fiscal 1998 from 59.9% in fiscal 1997. The absolute increase in cost of service is consistent with the increase in revenue for the period, as these costs are predominately for compensation and reflect increased employment levels needed to support the growth in revenue.

RESEARCH AND DEVELOPMENT. Research and development expense is primarily comprised of compensation expense for employees engaged in research and development activities, usually in conjunction with customer contracts. In fiscal 1998, research and development expense was \$25.6 million, or 6.3% of revenue, compared with \$17.4 million, or 6.0% of revenue, in fiscal 1997. The increase in research and development expense in fiscal 1998 represents ongoing expenditures for both CC&B Systems and Directory Systems.

SELLING, GENERAL AND ADMINISTRATIVE. Compensation is the largest component of selling, general and administrative expense. Selling, general and administrative expense increased by 25.5% to \$51.2 million, in fiscal 1998 from \$40.8 million in the prior fiscal year. However, selling, general and administrative expense as a percentage of revenue decreased from 14.0% of revenue in fiscal 1997 to 12.7% of revenue in fiscal 1998.

OPERATING INCOME. Operating income in fiscal 1998 was \$84.9 million, as compared with \$54.5 million in fiscal 1997, excluding the effect of the nonrecurring charges in that fiscal year, an increase of 55.8%. As a percentage of revenue, operating income was 21.0% in fiscal 1998 compared to 18.8% in fiscal 1997, excluding the effect of the nonrecurring charges in fiscal 1997.

OTHER EXPENSE, NET. Other expense, net is primarily interest expense incurred by us related to senior bank debt and subordinated debt, which debt was substantially repaid from the proceeds of our initial public offering. In fiscal 1998, such interest expense was \$24.1 million, an increase of \$20.8 million from fiscal 1997.

INCOME TAXES. Income taxes in fiscal 1998 were \$30.4 million on income

before taxes of \$60.8 million. In the prior year, income taxes were \$17.8 million on income before taxes of \$23.7 million. Our consolidated effective tax rate for fiscal 1998 was 50%, due to significant interest expense in a tax jurisdiction in which we are tax exempt, which resulted in no tax benefit to offset the tax expense incurred in other jurisdictions. In fiscal 1997, we sustained a loss in a tax jurisdiction in which we are tax exempt, which resulted in no tax benefit to offset tax expense incurred in other jurisdictions.

NET INCOME. Our net income was \$30.1 million in fiscal 1998 compared with net income of \$5.9 million in fiscal 1997. The increase was primarily the result of an increase in operating income. In addition, in fiscal 1998 we incurred \$24.1 million in interest expense related to outstanding debt; while in fiscal 1997 we had a nonrecurring charge of \$27.6 million.

YEARS ENDED SEPTEMBER 30, 1997 AND 1996

REVENUE. Revenue for fiscal 1997 was \$290.1 million, an increase of \$78.4 million, or 37.0%, from fiscal 1996. License revenue increased from \$16.3 million in fiscal 1996 to \$26.0 million in fiscal 1997, an increase of 59.5%, and service revenue increased 35.1% or \$68.7 million in fiscal 1997. The majority of the increase in total revenue was due to the expansion of the CC&B Systems business. Total CC&B Systems revenue for fiscal 1997 was \$166.3 million, an increase

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of \$63.9 million, or 62.3%, from the prior year. Revenue attributable to Directory Systems was \$123.8 million for fiscal 1997, an increase of \$14.5 million, or 13.3%, from fiscal 1996.

In fiscal 1997, revenue from customers in North America, Europe and the rest of the world accounted for 63.8%, 11.3% and 24.9% respectively, compared to 67.5%, 14.5% and 18.0%, respectively, in fiscal 1996.

COST OF LICENSE. Cost of license for fiscal 1997 was \$3.7 million, a decrease of \$0.3 million, or 7.5%, from fiscal 1996 cost of license of \$4.0 million. The decrease was due to the acquisition of certain software rights from several operating subsidiaries of SBC, which eliminated the requirement to pay royalties.

COST OF SERVICE. Cost of service for fiscal 1997 was \$173.7 million, an increase of \$44.5 million, or 34.4%, from fiscal 1996 cost of service of \$129.2 million. As a percentage of revenue, cost of service decreased to 59.9% in fiscal 1997 from 61.0% in fiscal 1996. The absolute increase in cost of service was consistent with the increase in revenue for the period, and reflected increased compensation attributable to higher employment levels needed to support the growth in revenue.

RESEARCH AND DEVELOPMENT. In fiscal 1997, research and development expense was \$17.4 million, or 6.0% of revenue, compared with \$14.7 million, or 6.9% of revenue, in fiscal 1996. The absolute increase in research and development expense in fiscal 1997 represented ongoing expenditures for both CC&B Systems and Directory Systems, while the decrease as a percentage of revenue was attributable to the overall increase in revenue for the period.

SELLING, GENERAL AND ADMINISTRATIVE. Selling, general and administrative expense increased to \$40.8 million, or 14.0% of revenue, in fiscal 1997 from \$28.3 million, or 13.4% of revenue, in the prior year, an increase of 43.8%. The increase was primarily attributable to increased marketing efforts for our CC&B Systems.

NONRECURRING CHARGES. In the fourth quarter of fiscal 1997, we recorded nonrecurring charges of \$27.6 million. Of such amount, \$1.8 million was due to the write-off of in-process research and development for technology related to certain software rights (which rights include the termination of related future royalty payment obligations) acquired from several operating subsidiaries of SBC and the balance, \$25.8 million, was attributable to the funding of a contribution to a trust for the benefit of certain officers and employees. See "Management -- Employee Trust Agreement".

OPERATING INCOME. As a result of the \$27.6 million of nonrecurring charges recognized in fiscal 1997, operating income in fiscal 1997 was \$27.0 million, as

compared with \$35.5 million in fiscal 1996. As a percentage of revenue, operating income was 9.3% in fiscal 1997 as compared to 16.8% in fiscal 1996. Excluding the effect of the nonrecurring charges, operating income would have been \$54.5 million in fiscal 1997, or 18.8% of revenue, an increase of \$19.0 million, or 53.4%, between fiscal 1997 and 1996. The increase in operating income as a percentage of revenue (excluding the effect of the nonrecurring charges) was primarily attributable to increased license revenue.

OTHER EXPENSE, NET. Other expense, net was an expense of \$0.5 million in fiscal 1996 and an expense of \$3.3 million in fiscal 1997. The increase in fiscal 1997 was attributable to the settlement of the claims of various taxing authorities for additional taxes for years prior to such fiscal year. Approximately \$3.0 million of expense was included in fiscal 1997 for interest on the tax assessments.

INCOME TAXES. Income taxes in fiscal 1997 were \$17.8 million on income before taxes of \$23.7 million. In fiscal 1996, income taxes were \$10.5 million on income before taxes of \$35.0 million. In fiscal 1997, we paid income taxes for the operations of our subsidiaries, principally in

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the United States, the United Kingdom and Israel, and recorded a loss in Guernsey, a jurisdiction in which we are tax-exempt.

NET INCOME. We had net income of \$5.9 million in fiscal 1997 compared with net income of \$24.5 million in fiscal 1996, primarily as a result of the \$27.6 million for the nonrecurring charges incurred in fiscal 1997.

LIQUIDITY AND CAPITAL RESOURCES

FINANCING TRANSACTIONS

We have primarily financed our operations through cash generated from operations and borrowings from banks and other lenders. Cash and cash equivalents totaled \$26.9 million at March 31, 1999 compared to \$25.4 million at September 30, 1998. Net cash provided by operating activities amounted to \$38.3 million and \$11.8 million for the first half of fiscal 1999 and 1998, respectively.

We currently intend to retain our earnings to repay our outstanding loans and to finance the development of our business. The terms of our bank agreement effectively restrict our ability to pay cash dividends.

At March 31, 1999, we had short term lines of credit totaling \$152.0 million from various banks or bank groups, of which \$75.9 million was outstanding. As of that date, we had also utilized approximately \$8.2 million of our revolving credit facility to support outstanding letters of credit. We intend to use a portion of the net proceeds from our sale of ordinary shares in the offering to repay a portion of amounts outstanding under our revolving credit facility. See "Use of Proceeds".

At March 31, 1999, we had negative working capital of \$48.3 million as compared to negative working capital of \$84.3 million at September 30, 1998. We do not believe this will have a negative impact on our liquidity as this temporary situation is primarily a result of a three-year revolving credit facility which we intend to repay with part of the proceeds we receive in the offering and with cash flows from operations. We believe that cash generated from operations and our current lines of credit will provide sufficient resources to meet our needs in the near future.

At March 31, 1999, we had long-term obligations outstanding of \$16.9 million in connection with vehicle leasing arrangements.

Currently, our capital expenditures are funded primarily by operating cash flows and capital leasing arrangements. We do not anticipate any change to this policy in the foreseeable future.

NET DEFERRED TAX ASSETS

Based on our assessment, it is more likely than not that all the net deferred tax assets at March 31, 1999 will be realized through future taxable earnings. No significant increase in future taxable earnings would be required

to fully realize the net deferred tax assets.

YEAR 2000 ISSUES

OUR STATE OF READINESS. We have identified the information technology, or IT, and non-IT systems, software and products which could be affected by year 2000 issues, and have assessed the efforts required to remediate or replace them. We have also identified versions of our products that will not be made compliant and are assisting customers in upgrading or migrating to year 2000 compliant versions. By the end of 1999, it is our intention that all of the major or key systems, software and products will be remediated or replaced.

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We began evaluating year 2000 compliance issues in mid-1996. Since then the following functions have been performed:

- a thorough examination and study of year 2000 compliance status;
- adoption of a work plan;
- analysis of solution alternatives; and
- determination of our technical and business year 2000 policies.

In recent years, new systems have been developed as year 2000 compliant; older generations of applications are being made year 2000 compliant in cooperation with our customers (using Amdocs year 2000 methodology and tool kit). None of these systems need mass data conversion, which is usually the most sensitive portion of the year 2000 migration. Recognizing the importance of year 2000 support in the IT industry and to provide an additional level of assurance to our customers, we have decided to conduct a thorough and systematic verification process. This effort is based on the application of industry-wide standards for year 2000 compliance. This verification process utilizes a specialized tool kit developed by us including a powerful search utility. For many customers we offer to conduct the verification process, since the ultimate verification for year 2000 compliance should be executed in their own working environment.

We anticipate completing the majority of the testing, implementation of changes and necessary refinements by mid-1999 but to continue extensive testing through calendar 1999. We expect that systems, software and products for which we have responsibility currently are year 2000 compliant or will be compliant on a timely basis. We are not aware of any year 2000 issues with our customers that cannot be remedied.

We have contacted all of our customers, and several of our vendors and other third parties with whom we deal to identify potential year 2000 issues. These communications are also used to clarify which year 2000 issues are our responsibility and which are the responsibility of the third party. We do not anticipate that our third party year 2000 issues will be different than those encountered by other providers of information services, including our competitors. At this time, we are not aware of any year 2000 issues or problems relating to third parties with which we have a material relationship.

With respect to our internal IT systems (including IT-based office facilities such as data and voice communications, building management and security systems, human resources and recruitment systems, purchasing, invoicing, finance and budget systems, general ledger and other administrative systems), both third party software and in-house developments, we have adopted standard industry practices, as published by the British Standards Institute, and methodologies suggested by the Gartner Group (INSPCT), in preparing for the year 2000 date change. Our year 2000 internal readiness program primarily covers:

- taking inventory of hardware, software and embedded systems;
- assessing business risks associated with such systems;
- creating action plans to address known risks;
- executing and monitoring action plans; and

- contingency planning.

Although we do not believe that we will incur any material cost or experience material disruptions in our business associated with preparing our internal systems for the year 2000, there can be no assurance that we will not experience serious unanticipated negative consequences and/or material costs caused by undetected errors or defects in the technology used in our internal systems, which are composed of third party software, third party hardware

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that contains embedded software and our own software products. We are in the process of implementing action plans for the remediation of high risk areas and we are scheduled to implement remediation plans for medium to low risk areas during the remainder of fiscal 1999. We expect our contingency plans to include, among other things, manual "work-arounds" for software and hardware failure, as well as substitution of systems, if necessary.

COSTS TO ADDRESS OUR YEAR 2000 ISSUES. A significant portion of our year 2000 compliance efforts have occurred or are occurring in connection with system upgrades or replacements that were otherwise planned (but perhaps accelerated due to the year 2000 issue) or which have significant improvements and benefits unrelated to year 2000 issues. The remainder of the costs that are incremental and directly related to year 2000 issues are not expected to be material to our financial position or results of operations.

At March 31, 1999, we have accrued approximately \$2.0 million representing the estimated remaining costs to modify previously sold customized software products. We do not anticipate capitalizing any of these costs as they relate to warranties related to products developed for customers.

OUR CONTINGENCY PLANS. Detailed contingency plans are being prepared and will be refined as appropriate. Those plans will focus on matters which appear to be our most likely year 2000 risks, such as possible additional customer support efforts by us that would be necessary if customers or vendors are not year 2000 compliant, or if a year 2000 issue should not be timely detected in our own compliance efforts. See "Risk Factors" for more information.

EUROPEAN MONETARY UNION CURRENCY

The European Monetary Union currency, or the euro, will be phased in over the three-year period commencing January 1, 1999, when participating European countries began using the euro currency for non-cash transactions. We intend to offer software products that are capable of handling the euro currency and converting from local currencies to the euro. There can be no assurance that our software or software provided to our customers by other vendors will ensure an errorless transition to the euro currency. At March 31, 1999, we have accrued approximately \$1.9 million representing estimated remaining costs to modify our software products to accept the euro currency under existing agreements with customers relating to previously sold products. We do not currently anticipate recovering these expenditures from our customers, as they relate to warranty agreements. There can be no assurance that such costs will not significantly exceed such estimate, in which case such costs could have a material adverse effect on our results of operations and financial condition.

EFFECTIVE TAX RATE

Our overall effective tax rate has historically been approximately 30% due to the various corporate income tax rates in the countries in which we operate and the relative magnitude of our business in those countries. Our consolidated effective tax rate for the first half of the fiscal 1999 was 30% compared to 50% in the prior period. The consolidated effective tax rate of 50% for 1998 was due to significant interest expense in a tax jurisdiction in which we are tax exempt, which resulted in no tax benefit to offset the tax expense incurred in other jurisdictions.

CURRENCY FLUCTUATIONS

Approximately 80% of our revenue are in dollars or linked to the dollar and therefore the dollar is our functional currency. Approximately 60% of our operating expenses are paid in dollars or are linked to dollars. Other significant currencies in which we receive revenue or pay expenses are Australian dollars, the euro, British pounds, Canadian dollars and Israeli shekels. Historically, the effect of fluctuations in currency exchange rates has

had a minimal impact on our operations. As we expand our operations outside of the United States, our exposure to

fluctuations in currency exchange rates could increase. In managing our foreign exchange risk, we enter from time to time into various foreign exchange contracts. As of March 31, 1999, we had hedged most of our significant exposures in currencies other than the dollar.

FOREIGN CURRENCY RISK

We enter into foreign exchange forward contracts to hedge some of our foreign currency exposure. We use such contracts to hedge exposure to changes in foreign currency exchange rates associated with revenue denominated in a foreign currency and anticipated costs to be incurred in a foreign currency. We seek to minimize the risk that the fair value of sales of our products and services and cash flow required for our expenses denominated in a currency other than our functional currency, the dollar, will be affected by changes in exchange rates. See Note 18 to our consolidated financial statements.

The following table summarizes our foreign currency forward exchange agreements as of September 30, 1998. The table presents the notional amounts (dollars in millions), weighted average exchange rates by expected (contractual) maturity dates, and fair value of the total derivative instruments. Notional values and average contract rates are calculated based on forward rates at September 30, 1998 dollar translated.

	AT SEPTEMBER 30,					FV OF FORWARDS
	1999	2000	2001	2002	AFTER	
Forward contracts to sell foreign currencies for dollars:						
British Pounds						
Notional value.....	\$ 31.00	\$ 1.70	--	--	--	\$(1.60)
Average contract rate.....	1.67	1.66	--	--	--	
Austrian Schillings						
Notional value.....	\$ 14.80	\$ 0.90	--	--	--	\$(0.50)
Average contract rate.....	11.64	11.52	--	--	--	
Canadian Dollars						
Notional value.....	\$ 10.00	--	--	--	--	*
Average contract rate.....	1.50	--	--	--	--	
Japanese Yen						
Notional value.....	\$ 3.20	--	--	--	--	*
Average contract rate.....	133.80	--	--	--	--	
Forward contracts to buy foreign currencies for dollars:						
Australian Dollars						
Notional value.....	\$ 15.60	\$ 9.10	\$4.90	\$5.50	\$4.30	\$(3.10)
Average contract rate.....	0.60	0.60	0.59	0.59	0.59	
Israeli Shekels						
Notional value.....	\$ 80.40	--	--	--	--	\$ 0.50
Average contract rate.....	3.94	--	--	--	--	

* Less than \$100,000.

INTEREST RATE RISK

Our interest expenses are most sensitive to changes in the London InterBank Offered Rate, or LIBOR, as all of our short-term borrowings bear a LIBOR-based interest rate. Excess liquidity invested in short-term investments bears minimal interest rate risk.

At September 30, 1998, we had approximately \$91.6 million outstanding on our revolving line of credit and short-term credit agreements and \$12.2 million recorded as long-term lease obligations. The potential loss to us over one year that would result from a hypothetical,

instantaneous, and unfavorable change of 100 basis points in the interest rates of all applicable financial assets and liabilities on September 30, 1998 would be approximately \$1.0 million. The above sensitivity analysis is based on the assumption of an unfavorable 100 basis point movement of the interest rates applicable to each homogenous category of financial assets and liabilities and sustained over a period of one year. A homogenous category is defined according to the currency in which financial assets and liabilities are denominated and assumes the same interest rate movement within each homogenous category. As a result, our interest rate risk sensitivity model may overstate the impact of interest rate fluctuations for such financial instruments, as consistently unfavorable movements of all interest rates are unlikely. See Note 8 to our consolidated financial statements.

ARCHITEL TRANSACTION

On March 2, 1999, we entered into a combination agreement with Architel Systems Corporation, a Canadian corporation, by which we would acquire Architel in a stock transaction valued at approximately \$400 million at the time of the agreement. On April 8, 1999, Architel announced that it had restructured its relationship with its largest customer, and expected revenue and earnings for future periods to be substantially less than originally anticipated. As a result of these developments, on April 22, 1999, we terminated the combination agreement.

BUSINESS

INTRODUCTION

We are a leading provider of product-driven information system solutions to major telecommunications companies in North America, Europe and around the world.

Our Business Support Systems, or BSS, consist of families of customized software products and services designed to meet the mission-critical needs of specific telecommunications market sectors. We provide primarily CC&B Systems for wireline (local, long distance, international, data, Internet and Voice Over Internet Protocol, or VOIP) and wireless (cellular, personal communications services, or PCS, and paging) network operators and service providers, as well as for companies that offer multiple service packages, commonly referred to as convergent services (combinations of local, long distance, international, mobile, cable television, data and Internet services). In addition, we provide a full range of Directory Systems to publishers of both traditional printed yellow page and white page directories and electronic Internet directories. Due to the complexity of the process and the expertise required for system support, we also provide extensive customization, implementation, system integration, ongoing support, system enhancement, maintenance and outsourcing services.

Since the inception of our business in 1982, we have concentrated on providing software products and services to major telecommunications companies. By focusing on this market, we believe that we have been able to develop the innovative products and the industry expertise, project management skills and technological competencies required for the advanced, large-scale, specifications-intensive system projects typical of the telecommunications industry. Our customer base includes the largest local exchange service providers in the United States (including all the regional Bell operating companies), major foreign network operators and service providers (including Deutsche Telekom (Germany) and Telstra Corporation Ltd. (Australia)) and emerging market leaders.

Our BSS products and related services are designed to manage and improve key aspects of the business operations of telecommunications companies, such as customer care, order management, call rating, invoice calculation, bill formatting, collections, fraud management and directory publishing services. The BSS products are tailored to address the unique needs of each telecommunications provider.

Our products are designed to support a variety of service offerings, including wireline, wireless, data and convergent multi-service environments, in a network-independent manner.

INDUSTRY BACKGROUND

TELECOMMUNICATIONS INDUSTRY

The global telecommunications industry is becoming increasingly more competitive due to deregulation and the development of new service technologies. Competition in the U.S. market began to increase in 1984 when AT&T was required to divest its local telephone operations and many new operators began to enter the long distance market. The Telecommunications Act of 1996 has increased competition in the United States even further by allowing new and existing local (e.g., competitive local exchange carriers), long distance and cable companies to offer competing services. Many companies are beginning to compete by providing multiple or convergent services, offering combinations of local exchange, long distance, wireless and data communications services to customers in single geographic markets. Deregulation is also creating opportunities for new ways of doing business, such as wholesaling and reselling telecommunications services. Internationally, privatization and deregulation are resulting in increased international competition and the emergence of newly authorized telecommunications network operators and service providers, especially in Europe, Latin America and the Asia-Pacific

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region. As markets are opened to competition, new competitors within these markets typically compete for market share with more established carriers, initially by providing access to service and then by providing competitive prices, by introducing new features and services and by being more responsive to customer needs. In addition, global expansion by multinational companies and concurrent technological advances are opening markets in less developed countries to enhanced telecommunications services and competition.

In recent years, there has also been an explosion of new communications technologies, including the Internet, PCS, Direct Broadcast Satellites and Enhanced Specialized Mobile Radio, and improvements to existing services such as call-forwarding, caller ID and voice mail, as well as the introduction of advanced intelligent networks that offer new services such as voice activated dialing. Additionally, companies in the directory publishing industry, which is currently dominated by telecommunications companies that are owned by or affiliated with the public telecommunications carriers, generally employ a local sales force numbering thousands of representatives, serve an advertiser customer base of hundreds of thousands of businesses and publish hundreds of different directories each year. With the introduction of new technologies and distribution platforms, including Internet directories, the directory publishing industry is also experiencing significant changes.

INFORMATION SYSTEMS

As a result of these developments, many telecommunications companies are seeking a new generation of information systems to support their operations and to be more competitive. Many are looking to offer single-contact, single-invoice solutions with integrated pricing plans for all services ("one-stop shopping"). Traditional telecommunications information systems are generally not able to support multiple services or convergent systems efficiently. In addition, these legacy information systems generally utilize antiquated technology, are costly to maintain, are oriented to supporting a single-service approach and require significant time and effort to accommodate new products or features, such as pricing changes. In this dynamic environment, integrated, flexible and scalable information systems are increasingly a means of differentiating competitors.

Many new and existing telecommunications companies do not have the financial or human resources or technological capability to internally develop efficient, flexible, cost-effective information systems on a timely basis. Moreover, as many telecommunications companies strive to become more consumer-oriented, they are concentrating their efforts and resources on marketing to consumers and expanding their service offerings, and many are turning to third-party vendors for their information systems which creates significant opportunities for us. Unlike us, however, many third-party vendors generally provide only generic software packages and maintenance services, while customization, implementation and other related and ongoing tasks are performed by a separate systems integration company.

THE AMDOCS SOLUTION

We believe that our total solutions orientation, product-driven approach and commitment to and support of quality personnel permit us to offer effective solutions to our customers that are both highly innovative and reliable. We believe that our success derives from a combination of the following factors that differentiate us from most of our competitors.

TOTAL SOLUTIONS ORIENTATION. We offer our customers total solutions that include BSS product-driven software tailored to the customer's specific requirements, implementation services, systems integration, maintenance and ongoing support. By providing services directly to the customer, rather than through intermediaries and system integrators, we are able to utilize effectively our intensive technical knowledge of our BSS products in the overall execution of the project, significantly reducing project risk. Our product-driven software solutions approach is

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distinctly different from the project-based strategy that has traditionally characterized many of the telecommunications information systems providers over the past twenty years. Our product-driven software solutions uses our BSS products as the starting point for each project. This approach enhances our ability to provide our customers with timely, cost-effective, low-risk solutions at a consistent level of quality.

FUNCTIONAL AND FLEXIBLE BSS PRODUCTS. Our BSS products are based on an open, three-tier, client-server, rule-based architecture that provides the functionality, scalability, modularity and adaptability required in today's deregulated, highly competitive telecommunications industry. Through the flexibility of our BSS products, our customers have achieved significant time-to-market advantages and reduced their dependence on technical and other staff.

HIGHLY SKILLED PERSONNEL. We are able to offer our customers superior products and services on a worldwide basis in large part due to our highly qualified and trained technical, sales, marketing and managerial personnel. We invest significantly in the ongoing training of our personnel in key areas such as industry knowledge, software technologies and management capabilities. Primarily based on the skills and knowledge of our employees, we believe that we have developed a reputation for the reliable delivery of quality solutions within agreed time frames and budgets. We have global recruitment capabilities and have development centers in Israel, the United States and Cyprus.

BUSINESS STRATEGY

Our goal is to provide advanced information technology software products and related customer service and support to the world's leading telecommunications companies. We seek to accomplish our goal by pursuing the strategies described below.

- **CONTINUED FOCUS ON THE TELECOMMUNICATIONS INDUSTRY.** We intend to continue to concentrate our resources and efforts on providing strategic information systems to the growing number of telecommunications industry participants. This strategy has enabled us to develop the specialized industry know-how and capability necessary to deliver the technologically advanced, large-scale, specifications-intensive information systems solutions required by the leading telecommunications companies in the wireless, wireline and convergent service sectors.
- **TARGET INDUSTRY LEADERS AND PROMISING NEW ENTRANTS.** We intend to continue to direct our marketing efforts principally towards the major telecommunications companies and new entrants that are believed to have the potential to be market leaders. Our customer base includes the largest local exchange service providers in the United States (including all the regional Bell operating companies), major foreign network operators and service providers (including Deutsche Telekom (Germany), Vodafone Group (United Kingdom) and Telstra Corporation Ltd. (Australia)) and emerging market leaders. We believe that the development of this premier customer base has helped position us as a market leader, while contributing to the stability of our business. By targeting industry leaders and promising new entrants that require the most sophisticated information systems solutions, we believe that we are best able to ensure that we remain at the forefront of developments in the industry.

- DELIVER AND SUPPORT TOTAL SOLUTIONS. Our strategy is to use our BSS products as the basis for providing customers with total systems solutions. Using this product-driven solutions strategy, we strive to tailor our core software modules to the specific, individualized requirements of our customers. Working directly with the customer, development personnel prepare the detailed functional specifications of the system required by the customer. In accordance with such specifications, system modules are then adapted or customized to meet the customer's specific business requirements. We believe that this approach minimizes risks and increases efficiencies by drawing on field-proven BSS

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products and techniques, and also helps to create for our customers significant time-to-market and other competitive advantages. By leveraging our specialized product knowledge, we believe that we can provide more effective system integration and implementation support services to our customers.

- MAINTAIN AND DEVELOP LONG-TERM CUSTOMER RELATIONSHIPS. We seek to maintain and develop long-term, mutually beneficial relationships with our customers. As a result of this strategy, we have been able to establish long-term working relationships with many of our customers. Of our current base of over 70 customers, 18 have been customers for five years or more. These relationships have generally involved additional product sales, as well as ongoing support, system enhancement and maintenance services. We believe that such relationships are facilitated in many cases by the mission-critical strategic nature of the systems provided by us and by the customer's reliance on our specialized skills and knowledge. In addition, our strategy is to solidify our existing customer relationships by means of long-term support and maintenance contracts.
- FURTHER ENHANCE GLOBAL CAPABILITIES. We intend to continue to develop and enhance our global business strategy by targeting advanced telecommunications markets around the world. The worldwide demand for telecommunications services is increasing rapidly, due, in part, to the needs of many underserved national markets and, in part, to increased competition among established and new network operators and service providers in more mature markets. We believe we have developed the human and other resources required to conduct business on a global basis and we are well positioned to respond to the demands of a worldwide industry, including the increasing trend for the major telecommunications companies to invest in new national markets, often in partnership with local companies. We have also developed the capability for the rapid global deployment of appropriately skilled personnel, when and where required, to support customer projects.

TECHNOLOGY

We have developed core competencies in various advanced technologies that are used in our BSS products. By utilizing technologies such as rule-based techniques, intelligent agents over the Internet, object-oriented design and programming and data mining, we are able to provide telecommunications companies with the flexibility required in a highly competitive, dynamic environment. For example, the use of rule and table-based technologies allows telecommunications companies to implement changes to the key elements of their marketing and customer service activities simply and rapidly, such as the introduction of new services, price plans, discount schemes and bill formats, eliminating the need to modify system code. Similarly, by drawing on Web-enabled and Internet technologies, we have been able to improve access to information for remote users, both internally within a telecommunications company's organization and between the organization and its subscribers.

These technologies are integrated in an open, multi-tier, client-server, service-oriented architecture. In order to support the ability of our customers to operate all of their distributed and mainframe applications, our BSS products are designed to work in a number of network and operating system environments, including UNIX, MVS and Windows NT.

The architecture of the BSS products includes the following key characteristics:

- SCALABILITY. The BSS products are designed to take full advantage of the proven scalability of the UNIX platform, allowing progressive system expansion, proportional with the customer's growth in business volumes. Using the same software, our BSS products can support operations for small as well as very large service providers.
- MODULARITY. The BSS products are comprised of sets of functional modules. Each module can be installed on an individual stand alone basis, interfacing with the customer's existing

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systems, or as part of an integrated BSS environment. This modularity provides our customers with a highly flexible and cost-effective solution that is able to incrementally expand with the customers' growing needs and capabilities. The modular approach also preserves the customer's initial investment in BSS products, while minimizing future disruptions and the overall cost of system implementation.

- PORTABILITY. The architecture of the BSS products, by utilizing a UNIX platform, ensures that our customers are able to choose from a variety of hardware vendors, including Compaq, Hewlett Packard, IBM and Sun Microsystems. In implementing solutions for wireline companies, we are also able to employ MVS and hybrid UNIX/MVS platforms. The BSS products utilize, where applicable, Java-based design and programming to augment cross-platform portability.
- OPEN SYSTEMS. The BSS products accommodate well-defined application program interfaces with legacy systems and with other third-party modules or packages. The systems are not dependent on any single hardware vendor or specific relational database management system, enabling our customers to select among multiple hardware platforms and a variety of network and operating system environments. Similarly, BSS products utilize standard programming languages, such as C++, to ensure compatibility with the operating environments employed in most telecommunications companies. It is also our general policy to deliver to our customers complete copies of all source code, system documentation and other product information, which permits the customer to maintain and further customize the BSS products.

PRODUCTS

We have developed an extensive library of BSS software products, providing comprehensive information systems functionality for wireless (cellular, PCS and paging), wireline (local, long distance, international, data, Internet and VOIP) and directory publishing operations. Core elements include customer care, order management, call rating, invoice calculation, bill formatting, collections, fraud management and directory publishing services.

Specialized modules are provided to support specific functionalities required in the different network environments (roaming functionality for wireless carriers, SIM card functionality for GSM networks, value added services introduced by Advanced Intelligent Network (AIN) and preferred interexchange carrier functionality for long distance carriers). In addition, we have developed systems to support resellers and wholesalers of telecommunication services. Our systems also support telecommunications providers that offer multiple service packages, commonly referred to as convergent services (combinations of local, long distance, international, mobile, cable television, data and Internet services).

We configure individual BSS modules into families of products, which serve as marketing packages oriented to the needs of specific customer segments. We offer Ensemble, our Customer Care and Billing System, in a number of versions to serve the different needs of telecommunications operators in the various network and business segments, such as wholesale and retail operations, and local, cellular, long distance, international, data, Internet, VOIP and convergent operations. We also offer our new generation, or NG, line of "ADS (NG)/Family of Products" which provides comprehensive support for directory publishing operations. Each individual module from the product families can be installed as an independent stand-alone application, interfacing with the customer's legacy and third-party systems, or as part of an integrated Amdocs Solution. We have also recently introduced a number of new products for Internet and electronic commerce applications, such as Internet-based bill viewing. We anticipate that

over the next several years products developed or to be developed for such applications will make a modest but increasing contribution to revenue.

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CUSTOMER CARE AND BILLING

The Ensemble suite of products we offer encompasses the following key application areas:

- Customer Care -- provides customer account information management and service support, including account initiation, on-line assistance in choosing a price plan, installation scheduling and complaint handling.
- Order Management -- supports the ordering of products and services for all lines of business. This module assists customer service representatives in capturing the customer's order, negotiating with the customer and monitoring service delivery.
- Message Processing -- calculates charges for usage (i.e., call rating) of telecommunications services, such as telephone calls and data transfer. Usage of the telecommunications network creates "messages" or call data records, which contain information such as the origin and destination of the call and its duration. In addition, this module provides for acquisition and formatting of the raw message data received from a switch, as well as calculates the charges for each call based on the service packages and price plans applicable to each individual user.
- Invoicing -- provides comprehensive functionality for bill preparation (totaling of usage and other charges, application of discounts, taxes and credits) and bill production, as well as the ability to offer so-called "hot billing" (or real-time billing).
- Flexible Bill Formatter -- enables the flexible definition and modification of bill formats, according to user requests (e.g., to combine charges from multiple services onto a single bill or to permit certain types of charges to be highlighted).
- Revenue Management -- provides comprehensive functionality for accounts receivable and collections, including invoice receipt, payment receipt, payment posting, financial reporting and automated handling of customers with outstanding debts.
- Network Resource Mediation -- manages the carrier's inventory of telephone numbers and SIM cards. This module also manages the interface between a wireless carrier's customer care and billing system and the network, transferring instructions regarding the provision or discontinuation of network services to specified users.
- Sales Channels -- manages the financial relationship between a wireless carrier and its authorized dealers, including commission calculation, chargebacks and residual compensation.
- Fraud Management -- employs sophisticated data analysis tools and makes use of the integrated user database to detect the fraudulent use of wireless phones and phone numbers.
- Internet-based Bill Viewing -- enables user interaction and bill view capabilities over the Internet through www.self.service.
- Churn Management -- uses data mining techniques to identify customers with a high probability of switching to another carrier or of disconnecting service.

DIRECTORY PUBLISHING

The "ADS(NG)/Family of Products," our main products in the Directory Systems area, provides comprehensive support for yellow page and white page directory sales and publishing operations, as well as for Internet directories and catalogs, including fully integrated electronic commerce capabilities. The directory line of products comprises a series of modules, including:

- Sales -- addresses all aspects of managing sales to advertisers,

including preparation and management of the overall sales campaign, which encompasses selecting the advertisers

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to be targeted, allocating the advertisers to various sales channels (such as field sales or telemarketing sales), assigning the advertisers to sales representatives, tracking advertising sales results and calculating sales commissions. These modules also provide automated support for the advertising sales representative, including laptop-based applications for use by members of the sales force in the field.

- Publishing -- supports the process of entering, proofing and extracting the telephone listing and advertising information that is to be published in a directory. These modules encompass contract processing, service order processing, listing information management and directory extract in preparation for the actual production of the directory.
- Marketing and Information Analysis -- includes corporate data warehousing techniques, online analytical processing and data mining capabilities, oriented to the specific marketing needs of the directory publisher. For example, these modules can be used to identify changed patterns of advertisement buying behavior in certain groups of customers, or to perform "what if" analyses on marketing policy parameters. These modules are also used by management to analyze the directory market and customer behavior, assisting in the planning of corporate strategy and marketing tactics.
- Prepress -- manages the production of advertisements that are to be published in a directory and also supports the fully automated pagination of yellow page and white page directories, including the generation of the final typesetting file so that printed copies of the documents can be produced.
- Customer Service -- permits online support for handling customer inquiries and resolving customer complaints, including online correction of advertising data and billing adjustments.
- Financial Management -- specifically designed for the directory publisher's billing, accounts receivable and collections functions.

SERVICES

We believe that the methodology we employ to deliver BSS products is one of the key factors that enables us to achieve the time-frame, budget and quality objectives of our customers' projects. Our methodology emphasizes rigorous project management, software development, solutions implementation and integration planning, as well as active customer participation at all stages to help prioritize and implement time-critical information system solutions that address the customer's individual needs.

This process of customizing a system involves creating a tailored BSS product to address a customer's specific technical and business requirements. Following detailed functional design sessions with the customer, we modify our BSS software modules to provide the complete functionality needed by the customer. The process permits both Amdocs and the customer to identify and jointly plan for ongoing resource requirements, as well as jointly to create specific guidelines for the types of organizational and other changes that may be required for implementation and integration.

System implementation and integration activities are conducted by joint teams from Amdocs and the customer in parallel with the customization effort. Implementation and integration activities include, for example, project management, development of training, methods and procedures, design of work flows, hardware planning and installation, network and system design and installation, system conversion and documentation. In most cases, the role of Amdocs personnel is to provide support services to the customer's own implementation and integration team which has primary responsibility for the task. Customers sometimes require turn-key solutions, in which case we are able to provide full system implementation and integration services.

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Once the system becomes operational, we are generally retained by the customer to provide ongoing services such as maintenance, enhancement design and development, and operational support. For substantially all of our customers, the implementation and integration of an initial BSS product has been followed by the sale of additional systems and modules. In recent years, we have established long-term maintenance and support contracts with a number of our customers. These contracts have generally involved an expansion in the scope of support provided, while also ensuring a recurring source of revenue to us.

Our business is conducted on a global basis. We maintain three development facilities located in Israel, the United States and Cyprus, operate a support center located in Brazil and have operations in Europe, North America, Latin America and the Asia-Pacific region. Support for implementation and integration activities is performed typically at the customer site. Once the system is operational or in production, ongoing support and maintenance are provided by a combination of remote support from the development centers with local support at the customer site.

As part of our effort to provide comprehensive solutions to our customers, we also offer outsourcing services to support the operation of the customer's BSS products. These functions would include full responsibility for the ongoing development and enhancement of our BSS products, the purchase and management of all related hardware assets and overall management of the customer's associated data centers. We concluded our first major multi-year services agreement in May 1998, entering into a six-year agreement with an affiliate of Telstra Corporation Ltd. of Australia. Under the agreement, we are responsible for software development, maintenance, support and facility management for Telstra's directory publishing activities.

SALES AND MARKETING

Our sales and marketing activities are primarily directed at major telecommunications companies and at emerging network operators or services providers that are potential market leaders. As a result of the strategic importance of our information systems to the operations of such companies, a number of constituencies within a customer's organization are typically involved in purchase decisions, including senior management, information systems personnel and user groups such as the finance and marketing departments. Due to the comprehensiveness and large scale of our systems, the time between the making of an initial proposal to a prospective customer and the signing of a sales contract is typically between six and twelve months.

We employ a relatively small dedicated sales force and maintain sales offices in the United States, the United Kingdom, and several other countries. Our sales activities are supported by a marketing group, which is responsible for advertising, preparation of sales proposals and market research and analysis of industry trends and developments. Our sales efforts are dependent upon close cooperation between our sales representatives and development personnel. Development personnel are intensively involved from the early stages of the sales cycle. This approach enables us to demonstrate our technical and professional skills to potential customers, while creating the opportunity to discuss with the customer its system needs. To ensure that we have a clear understanding of customer needs and expectations, it is our policy to have development personnel involved in a particular sales proposal continue to work with the customer. This approach creates continuity from the initial sales proposal through project development and beyond, into the ongoing production phase.

The management of our operating subsidiaries is closely involved in establishing sales policies and overseeing sales activities. Management's role includes the setting of priorities among the multiple sales opportunities available at any point in time. Management is also responsible for allocating sufficient resources to each project to meet our quality standards while also adhering to the project's cost and schedule parameters.

We also interact with various third parties in our sales activities, including independent sales agents, information systems consultants engaged by our customers or prospective customers and systems integrators that provide complementary products and services to such customers. We also have value-added reseller agreements with certain hardware and database vendors.

CUSTOMERS

Our target market is comprised of telecommunications companies that require information systems with advanced functionality and technology. The companies in this market segment are typically industry leaders or innovative, well-backed new entrants. By working with such companies, we help ensure that we remain at the forefront of developments in the telecommunications industry and that our product offerings continue to address the market's most sophisticated needs. We have an international orientation, focusing on potential customers in the developed, industrialized countries in North America, Europe, Latin America and the Asia-Pacific region.

We have a world-class customer base comprising over 70 telecommunications companies. Our customers include global telecommunications leaders, as well as other leading network operators and service providers and directory publishers in the United States and around the world. Our customers include SBC and a number of its operating subsidiaries, such as Southwestern Bell Mobile Systems, Southwestern Bell Yellow Pages, Southwestern Bell Communications Services (SBC's long distance provider) and Southwestern Bell Telephone Company. Additional customers include:

- Bell Atlantic
- BellSouth
- U.S. West
- GTE
- Sprint
- Deutsche Telekom (Germany)
- Mannesmann (Germany)
- SEAT (Italy)
- Telstra Corporation Ltd. (Australia)
- Telus (Canada)
- Telecom Eireann (Ireland)
- Korean Telecom (South Korea)
- Vodafone Group (United Kingdom)
- Bezeq (Israel)
- BCP (Brazil)
- Telecom New Zealand (New Zealand)

We have been able to establish long-term working relationships with many of our customers. Of our total customer base, 18 have been customers for five or more years. These long-term relationships are due, in part, to our broad-based expertise and our ability to address the evolving needs of a dynamic telecommunications industry.

Our single largest group of customers is SBC and its operating subsidiaries, which accounted for in the aggregate 16.6% of our revenue in the first six months of fiscal 1999 and for 20.8%, 34.5% and 38.0% of our revenue in fiscal 1998, 1997 and 1996, respectively. Our next largest customer is BellSouth, which accounted for 9.6% of our revenue in the first six months of fiscal 1999 and for 15.8%, 4.5% and 1.5% of our revenue in fiscal 1998, 1997 and 1996, respectively. Our third largest customer is Telstra, which accounted for 7.0% of our revenue in the first half of fiscal 1999 and for 8.2%, 13.0% and 16.0% of our revenue in fiscal 1998, 1997 and 1996, respectively.

Revenue derived from our five largest customers, excluding SBC and its operating subsidiaries, accounted for approximately 23.5% of total revenue for the first six months of fiscal 1999 and 27.1%, 33.2% and 42.7% of revenue in fiscal 1998, 1997 and 1996, respectively.

The following is a summary of revenue by geographic area. Revenue is attributed to geographic region based on the location of the customers:

	SIX MONTHS ENDED MARCH 31, 1999 -----	YEAR ENDED SEPTEMBER 30, -----		
		1998	1997	1996
North America.....	44.0%	52.2%	63.8%	67.5%

Europe.....	36.4%	27.2%	11.3%	14.5%
Rest of the World.....	19.6%	20.6%	24.9%	18.0%

COMPETITION

The market for telecommunications information systems is highly competitive and fragmented, and we expect competition to increase. We compete with many independent providers of information systems and services, including Alltel Corporation, American Management Systems, IBM, Kenan Systems (a subsidiary of Lucent Technologies), LHS Group Inc., Saville Systems and SEMA Group, with system integrators, such as Andersen Consulting and EDS, and internal information systems departments of larger telecommunications carriers. We expect continued growth and competition in the telecommunications industry and the entrance of new competitors into the software information systems market in the future.

We believe that we are able to differentiate ourselves from the competition by, among other things,

- offering customers a total information system from a single vendor,
- providing high quality reliable, scalable products,
- managing effectively the timely implementation of products,
- responding to customer service and support needs through a skilled professional organization, and
- providing BSS solutions independent of any specific vendor of network equipment, hardware or software.

We compete with a number of companies that have longer operating histories, larger customer bases, substantially greater financial, technical, sales, marketing and other resources, and greater name recognition than us. Current and potential competitors have established, and may establish in the future, cooperative relationships among themselves or with third parties to increase their ability to address the needs of our prospective customers. Accordingly, new competitors or alliances among competitors may emerge and rapidly acquire significant market share. As a result, our competitors may be able to adapt more quickly than we would to new or emerging technologies and changes in customer requirements, or to devote greater resources to the promotion and sale of their products. There can be no assurance that we will be able to compete successfully with existing or new competitors. Failure by us to adapt to changing market conditions and to compete successfully with established or new competitors may have a material adverse effect on our results of operations and financial condition.

PROPRIETARY RIGHTS

We regard significant portions of our software products and systems as proprietary and rely on a combination of statutory and common law copyright, trademark and trade secret laws, customer licensing agreements, employee and third-party nondisclosure agreements and other methods to protect our proprietary rights. We generally enter into confidentiality agreements with our employees, consultants, customers and potential customers and limit access to, and distribution of, our proprietary information. We believe that the sophistication and complexity of

our systems make it very difficult to copy such information or to subject such information to unauthorized use.

We have developed a unique methodology for product development. Initially, we develop a core idea and the initial modules in-house. Thereafter, we approach a customer and introduce the initial developments to a customer and further develop the product in conjunction with a project conducted for such a customer, thus allowing us to resolve and develop specific, novel information technology solutions addressing actual needs of the market. We maintain sole ownership of our products.

As a result of strategic development projects conducted with SBC and some of its subsidiaries, some of our products were jointly developed and owned in

the past by us and SBC subsidiaries. In September 1997, we entered into a series of agreements with such SBC subsidiaries pursuant to which we purchased certain rights from these SBC subsidiaries and terminated related future royalty payment obligations for a total consideration of \$40.0 million.

EMPLOYEES

As of March 31, 1999, we employed on a full-time basis approximately 3,600 software and information technology specialists, engaged in research, development, maintenance and support activities, and approximately 550 managers and administrative professionals. We employ over 2,600 software and information technology specialists in Israel, with the remaining 1,000 located in North America, Europe and the Asia-Pacific region. We often maintain teams of employees at a customer's premises to work on specific projects.

We invest significant resources in recruitment, training and retention of quality personnel. Training programs cover areas such as technology, applications, development methodology, project methodology, programming standards, industry background and management development. Our management development scheme is reinforced by a divisional structure, which provides opportunities for talented managers to gain experience in general management roles at the division level. We also invest considerable resources in personnel motivation, including providing various incentive plans for senior employees. Our future success depends in large part upon our continuing ability to attract and retain highly qualified managerial, technical, sales and marketing personnel.

We have to comply with various labor and immigration laws throughout the world, including laws and regulations in Australia, Brazil, Europe, Israel, Japan and the United States. To date, compliance with such laws has not been a material burden for us. As the number of our employees increases over time, our compliance with such regulations could become more burdensome.

Our operating subsidiaries are not party to any collective bargaining agreements. However, our Israeli subsidiary is subject to certain labor-related statutes and to certain provisions of collective bargaining agreements between the Histadrut (General Federation of Labor in Israel) and the Coordinating Bureau of Economic Organizations (including the Industrialists' Association), which are applicable to our Israeli employees by virtue of expansion orders of the Israeli Ministry of Labor and Welfare. A significant provision applicable to all employees in Israel under collective bargaining agreements and expansion orders is the automatic adjustment of wages in relation to increases in the CPI. The amount and frequency of these adjustments are modified from time to time. We consider our relationship with our employees to be good and have never experienced a labor dispute, strike or work stoppage.

RESEARCH AND DEVELOPMENT

The goals of our research and development staff are to be responsive to customer needs, to keep abreast of industry developments, to apply technology selectively to our systems, to build

transition plans for adopting new technologies and to build a system architecture that is capable of absorbing such technologies. We have historically developed new modules and product offerings in response to an identified market demand. Our product development strategy is to fund the research and development of an advanced prototype, typically based on our existing products or modules. Products are usually developed in conjunction with a customer project. By adopting this strategy, we seek to remain at the forefront of technological development by working on technologically advanced solutions with our customers. Close cooperation with customers helps to ensure the relevance and timeliness of the products developed.

We believe that our ability to identify innovative applications for emerging technologies has yielded us considerable competitive advantages. Examples of such innovations include the application of rule and table-based techniques to network mediation systems, intelligent agent systems in directory pagination, Web-enabled technology for Internet-based customer care and data mining technology for fraud management and churn control.

We spent \$17.5 million, \$25.6 million, \$17.4 million and \$14.7 million on

research and development activities in the first six months of fiscal 1999 and in fiscal 1998, 1997 and 1996, respectively, or 6.3%, 6.3%, 6.0% and 6.9%, respectively, of total revenue in those periods. For fiscal 1999, we expect to spend approximately \$40.0 million on research and development activities.

FACILITIES

We lease space in numerous facilities in Israel, aggregating approximately 565,000 square feet, pursuant to leases expiring on various dates between December 1999 and December 2008, and have various options to extend the terms of such leases. Approximately 69,000 square feet of such facilities are owned by related companies which lease such facilities to us. In Israel, we currently pay total yearly rental fees of approximately \$10.5 million which are linked, in most cases, to the U.S. dollar.

In June 1998, our Israeli subsidiary entered into a ten-year lease for 297,000 square feet in Ra'anana, Israel. In June 1998, the Israeli subsidiary relocated its main offices and most of its operations to this location. The annual rent for the Ra'anana facility is approximately \$5.4 million. Subject to the modification of certain tax rules, the Israeli subsidiary will also have the option to extend the lease term for an additional eight years. In addition, the Israeli subsidiary holds, subject to certain terms and conditions, an option to acquire certain parts of the Ra'anana facility. In November 1998, the Israeli subsidiary rented an additional 25,000 square feet in Ra'anana. In December 1998, the Israeli subsidiary entered into a ten-year lease for an additional 55,000 square feet commencing in July 2000. The annual rent will be approximately \$1.0 million.

In August 1998, we entered into a seven-year lease (commencing December 1998) for 90,600 square feet in Chesterfield, Missouri. We intend to relocate our development center and all of our administrative personnel, now principally centered around St. Louis, Missouri, to Chesterfield. The annual rent for the facility will be approximately \$2.4 million. In July 1999, we intend to terminate part of our St. Louis lease under which we pay approximately \$130,000 annually in rent. We also hold a number of other leases in the United States, with an aggregate annual rent of approximately \$75,000.

We also lease 37,670 square feet for our development facility in Cyprus at an annual rent of approximately \$500,000.

We lease additional office space in the United Kingdom, Australia, Germany, Japan, Korea and Brazil.

LEGAL PROCEEDINGS

We are not involved in any material legal proceedings.

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MANAGEMENT

GENERAL

Amdocs Limited is organized under the laws of Guernsey and, as set forth in its Articles of Association, is a holding company for the various subsidiaries that conduct our business on a worldwide basis. Our principal operating subsidiaries are Amdocs (Israel) Limited (Israel), Amdocs, Inc. (the United States) and Amdocs (UK) Limited (the United Kingdom). We rely on the executive officers of our operating subsidiaries to manage our business. In addition, Amdocs Management Limited, our management subsidiary, performs certain executive coordination functions for all our operating subsidiaries.

EXECUTIVE OFFICERS AND DIRECTORS AND OTHER KEY EMPLOYEES

The board of directors and the executive officers of Amdocs and our

subsidiaries and their ages as of April 30, 1999, are as follows:

NAME - - - - -	AGE ---	POSITION -----
Bruce K. Anderson(2) (3).....	59	Chairman of the Board and Chief Executive Officer, Amdocs Limited
Robert A. Minicucci(2) (3).....	46	Director and Chief Financial Officer, Amdocs Limited
Avinoam Naor.....	50	Director of Amdocs Limited and Chief Executive Officer of Amdocs Management Limited
Dov Baharav.....	48	Senior Vice President and Chief Financial Officer, Amdocs Management Limited
Thomas G. O'Brien.....	38	Treasurer and Secretary, Amdocs Limited
Nehemia Lemelbaum.....	56	Senior Vice President, Amdocs Management Limited
Mario Segal.....	51	Senior Vice President, Amdocs Management Limited
Joshua Ehrlich.....	49	Senior Vice President, Amdocs Management Limited
Simon Cassif.....	56	Senior Vice President, Amdocs (UK) Limited
James W. Andrews.....	34	General Manager, Amdocs (UK) Limited
Adrian Gardner(1) (2) (3).....	36	Director
Stephen Hermer.....	37	Director
James Kahan.....	51	Director
Paz Littman(2) (3).....	42	Director
Revital Naveh(1).....	31	Director
Lawrence Perlman(1).....	61	Director
Michael J. Price.....	41	Director
Urs Suter.....	40	Director

- - - - -
- (1) Member of the Audit Committee
 - (2) Member of the Compensation Committee
 - (3) Member of the Executive Committee

Bruce K. Anderson has been Chief Executive Officer and Chairman of the Board of Amdocs since September 1997. Since August 1978, he has been a general partner of WCAS, an investment firm which specializes in the acquisition of companies in the information services, communications and health care industries. Investment partnerships affiliated with WCAS are collectively our largest stockholder. Mr. Anderson served for nine years with Automated Data Processing, Inc., or ADP, until his resignation as Executive Vice President and a director of ADP, and President of ADP International, effective August 1978. Mr. Anderson serves on the board of directors of Medquist, Inc. and several private companies.

Robert A. Minicucci has been Chief Financial Officer and a director of Amdocs since September 1997. He has been a general partner of WCAS since 1993. From 1992 to 1993, Mr. Minicucci served as Senior Vice President and Chief Financial Officer of First Data Corporation, a provider of information processing and related services for credit card and other payment transactions. From 1991 to 1992, he served as Senior Vice President and Treasurer of the American Express Company. Mr. Minicucci served for twelve years with Lehman Brothers (and its predecessors) until his resignation as a Managing Director in 1991. He is also a director of several private companies.

Avinoam Naor has been a director of Amdocs Limited since January 1999 and is Chief Executive Officer of Amdocs Management Limited having overall coordination responsibility for the operations and activities of our operating subsidiaries. Mr. Naor joined Amdocs in 1982 and initially served as a Senior Vice President. He has been involved with software development for 28 years, working on projects for the development of infrastructure software for communications systems and developing and marketing directory assistance systems. Mr. Naor was a member of the team that established the computerized system for Golden Pages, the Israel Yellow Pages company.

Dov Baharav is a Senior Vice President and the Chief Financial Officer of

Amdocs Management Limited, and has overall coordination responsibility for the financial reporting of our operating subsidiaries. Mr. Baharav joined Amdocs in 1991 in St. Louis, Missouri and until 1995 served as Vice President and President of Amdocs, Inc., our principal U.S. subsidiary. Prior to joining Amdocs, Mr. Baharav served as Chief Operating Officer of Oprotech Ltd., a publicly held company that develops, manufactures and markets electro-optical devices.

Thomas G. O'Brien is Treasurer and Secretary of Amdocs Limited and since July 1995 has held other financial management positions within Amdocs. From July 1993 to July 1995, Mr. O'Brien was Controller of Big River Minerals Corporation, a diversified natural resources company. From 1989 to 1993, Mr. O'Brien was the Assistant Controller for Big River Minerals Corporation. From 1983 to 1989, Mr. O'Brien was a certified public accountant with Arthur Young and Company (now Ernst & Young LLP). Mr. O'Brien is a member of the American Institute of Certified Public Accountants and the Missouri Society of Certified Public Accountants.

Nehemia Lemelbaum is Senior Vice President, Strategy and Corporate Development, of Amdocs Management Limited. He joined Amdocs in 1985, with initial responsibility for our U.S. operations. Mr. Lemelbaum led our development of graphic products for the Yellow Pages industry and directed our development of CC&B Systems. He served for nine years with Contahal Ltd., a leading Israeli software house, first as a senior consultant, and later as Managing Director. From 1967 to 1976, Mr. Lemelbaum was employed by the Ministry of Communications of Israel (in effect the organization that is currently Bezeq, the Israel Telecommunication Corp. Ltd.), with responsibility for computer technology in the area of business data processing.

Mario Segal is a Senior Vice President and the Chief Operating Officer of Amdocs Management Limited. He joined Amdocs in 1984 as Senior Vice President and was a leading member of the team that developed the "ADS(NG)/Family of Products" directory automation systems and the "Customer Care and Billing Platform." Mr. Segal was also an account manager for a major North American Yellow Pages publisher and prior thereto managed the computer department of a major Israeli insurance company, leading large-scale software development projects and strategic planning of automation systems.

Joshua Ehrlich is Senior Vice President, Business Development, of Amdocs Management Limited. Mr. Ehrlich has overall responsibility for coordinating new business development. He joined Amdocs in 1985. Mr. Ehrlich served as the account manager for one of our major North American installations, and subsequently had responsibility for major product development efforts. Following that, he assumed the responsibility for coordinating our sales support activities. Prior to joining Amdocs, Mr. Ehrlich managed the industrial application division of a leading Israeli

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software company, with responsibility for business development, overall project control and coordination of sales support.

Simon Cassif is a Senior Vice President of Amdocs (UK) Limited. He has principal responsibility for developing our relationships with strategic customers in Europe. Mr. Cassif joined Amdocs in January 1994 and has since been devoting most of his efforts to business development in the area of customer care and billing. Prior to joining Amdocs, Mr. Cassif was Chief Information Officer and Vice President, Systems and Computers at Bezeq, the Israel Telecommunication Corp. Ltd. Mr. Cassif held this position for twelve years, with full responsibility for Bezeq Information Technology strategy, systems development, maintenance and operations.

James W. Andrews is General Manager of Amdocs (UK) Limited, with responsibility for supervising financial reporting and control, insurance, administration and human resources. Mr. Andrews joined Amdocs in 1991 and has served in a number of financial management positions, including Financial Controller. Prior to joining Amdocs, Mr. Andrews was the Accounting Supervisor at Arch Mineral Corporation. He also served at Arthur Andersen & Co. as a certified public accountant. Mr. Andrews is a member of the American Institute of Certified Public Accountants and the Missouri Society of Certified Public Accountants.

Adrian Gardner has been a director of Amdocs since April 1998. Mr. Gardner is an Executive Director of Lazard Brothers & Co., Limited, based in London and

working with technology and telecommunications-related companies. Prior to joining Lazard Brothers in 1989, Mr. Gardner qualified as a chartered accountant with Price Waterhouse. Mr. Gardner is a member of the Institute of Chartered Accountants in England and Wales and a member of The Securities Institute.

Stephen Hermer has been a director of Amdocs since April 1998. In 1998, Mr. Hermer joined the law firm of Olswang, based in London, where he practices corporate and securities law. Prior to that, he was a partner with the London law firm of Frere Cholmeley Bischoff.

James S. Kahan has been a director of Amdocs since April 1998. Mr. Kahan has worked at SBC since 1983, and currently serves as its Senior Vice President-Corporate Development, a position he has held since 1992. Prior to joining SBC Mr. Kahan held various positions at several telecommunications companies, including Western Electric, Bell Laboratories, South Central Bell and AT&T.

Paz Littman has been a director of Amdocs since September 1997. Since October 1996, he has served as President of Aurum Management and Consulting Ltd., a privately held company, which makes and manages investments for shareholders of the Aurec Group. From 1991 to 1996, Mr. Littman was an active partner with the law firm of Meitar, Littman & Co.

Revital Naveh has been a director of Amdocs since April 1998. In July 1997, Ms. Naveh joined Aurum Management and Consulting Ltd., a privately held company, which makes and manages investments for shareholders of the Aurec Group. Prior to that, Ms. Naveh was an associate at the New York law firm of Skadden, Arps, Slate, Meagher & Flom LLP.

Lawrence Perlman has been a director of Amdocs since April 1998. He has been Chairman of Ceridian Corporation since 1992, and its Chief Executive Officer since 1990. Ceridian Corporation is a provider of information services to employers to administer various human resource functions, as well as information services for the transportation and electronic media markets. Mr. Perlman is a director and Chairman of Seagate Technology, Inc., and a director of The Valspar Corporation and Computer Network Technology Corporation. Mr. Perlman has been a director of Ceridian since 1985.

Michael J. Price has been a director of Amdocs since January 1998. He is co-Chief Executive Officer of FirstMark Communications LLC, a broadband wireless telecommunications company.

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Prior to that, he worked at Lazard Freres & Co. L.L.C., starting in 1987, serving first as a Vice President and then as a Managing Director, where he led its technology and telecommunications group. He is also a director of SpectraSite, a leading tower management company.

Urs Suter has been a director of Amdocs since May 1999. Mr. Suter has been the managing partner of the law firm Suter attorneys at law, in Zurich, Switzerland, since 1995. Prior to that, he was a law partner with Price Waterhouse. He is also a director of several private companies.

DIRECTORS

All directors hold office until the next annual meeting of our shareholders or until their respective successors are duly elected and qualified or their positions are earlier vacated by resignation or otherwise.

EXECUTIVE OFFICERS

Executive officers of Amdocs are elected by the board of directors on an annual basis and serve until the next annual meeting of the board of directors or until their respective successors have been duly elected or qualified or their positions are earlier vacated by resignation or otherwise. The executive officers of each of the Amdocs subsidiaries are elected by the board of directors of such subsidiary on an annual basis and serve until the next annual meeting of such board of directors or until their respective successors have

been duly elected or qualified or their positions are earlier vacated by resignation or otherwise.

BOARD COMMITTEES

The Audit Committee of the board of directors reviews, acts on and reports to the board of directors with respect to various auditing and accounting matters, including the selection of our auditors, the scope of the annual audits, fees to be paid to the auditors, the performance of our independent auditors and our accounting practices.

The Compensation Committee of the board of directors determines the salaries and incentive compensation of the officers of Amdocs and our subsidiaries and provides recommendations for the salaries and incentive compensation of other employees and the consultants. The Compensation Committee also administers various compensation, stock and benefit plans of Amdocs.

We have also established an Executive Committee which may act from time to time instead of the full board of directors and has such responsibilities as may be delegated to it by the Board.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Our Compensation Committee consists of Messrs. Anderson, Minicucci, Gardner and Littman. None of the members of the Committee was an employee of ours at any time during fiscal 1998 or the first six months of fiscal 1999.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

We pay our non-employee directors who are not associated with any of our principal shareholders (1) \$10,000 per annum and (2) \$1,500 per meeting of the board of directors and \$500 per meeting of a committee of the Board. We reimburse all of our directors for their reasonable travel expenses incurred in connection with attending meetings of the board of directors or committees thereof. Under certain circumstances, directors are also eligible to receive stock options. During fiscal year 1998, we granted options to two non-employee directors to purchase a total of 21,000 ordinary shares at a price of \$14 per share, vesting over three years.

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A total of nine persons who served either as an executive officer or director of Amdocs during fiscal year 1998 received remuneration from Amdocs. The aggregate remuneration paid by us to such persons was approximately \$4 million, which includes amounts set aside or accrued to provide pension, retirement or similar benefits, but does not include amounts expended by us for automobiles made available to our officers, expenses (including business travel, professional and business association dues) or other fringe benefits.

During fiscal 1998, we granted options to six executive officers and directors to purchase a total of 448,000 ordinary shares at an average exercise price of \$8.20 per share, with vesting over three to eight-year terms.

EMPLOYEE STOCK OPTIONS

From January, 1998 through March 31, 1999 we granted options to purchase approximately 4,190,000 ordinary shares to our officers and employees, and options to purchase 41,000 ordinary shares to our non-employee directors and consultants, pursuant to a stock option and incentive plan adopted in January 1998, or the Amdocs Plan. The weighted average exercise price of those options is \$6.03. The options vest over a period of three to eight years commencing from the date of grant. There are currently 6,600,000 ordinary shares reserved for issuance under the Amdocs Plan. The purpose of the Amdocs Plan is to enable us to attract and retain qualified personnel and to motivate such persons by providing them with an equity participation in Amdocs. The Amdocs Plan is administered by a committee appointed by the Board and expires ten years after the date of its adoption.

The ordinary shares acquired upon exercise of an option and the restricted shares that may be granted under the Amdocs Plan will be subject to certain restrictions on transfer, sale or hypothecation. Options will be exercisable and restrictions on disposition of shares will lapse pursuant to the terms of the

individual agreements under which such options were granted or shares issued.

EMPLOYEE TRUST AGREEMENT

In September 1997, we contributed \$25.8 million to an irrevocable secular trust, or the Trust, the beneficiaries of which are primarily software and information technology specialists who have played an important role in our success. The Trust will distribute on specified dates within the next five years cash amounts to those beneficiaries employed by us on those dates. The amounts to be distributed to the beneficiaries employed by us on the relevant dates will include any appreciation in the value of the Trust's assets and are dependent upon certain conditions, such as the amount of cash available and the Trust's ability to realize the value of the assets it holds. Termination of a beneficiary's employment with Amdocs will not affect entitlement to a beneficiary's minimum interest in the Trust which was fixed at the time of our contribution to the Trust, and any terminated employee will receive such interest in September 2007. In September 1997, the Trust used the contribution from Amdocs and other resources to purchase 5,720,000 ordinary shares from us for an aggregate consideration of approximately \$31.6 million. The Trust is required to liquidate any investments held in respect of any beneficiary and distribute only a cash payment. The Trust is one of the selling shareholders in the offering. See "Principal and Selling Shareholders".

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CERTAIN TRANSACTIONS

INVESTMENT AGREEMENTS. In September 1997, Amdocs and the WCAS Investors entered into a Share Subscription Agreement under which the WCAS Investors acquired from us on September 22, 1997, \$3.27 million principal amount of our junior promissory notes and shares representing 8.7% of our then outstanding equity for \$61.2 million. On that date, Amdocs and the WCAS Investors also entered into a Conditional Investment Agreement, under which the WCAS Investors agreed, subject to the satisfaction of specific revenue and cash flow targets through November 30, 1997, to acquire additional shares of Amdocs which, when added to the shares acquired under the Share Subscription Agreement, would constitute 35.0% of our outstanding equity as of September 22, 1997. Concurrently with the signing of the Conditional Investment Agreement, a subsidiary of Amdocs, ESM, entered into a Note Purchase Agreement with WCAS Capital Partners III, L.P., an investment partnership affiliated with WCAS, and several other investors, providing for the issuance of up to \$125.0 million principal amount of 10% subordinated notes of ESM, subject to the satisfaction of the same financial targets set forth in the Conditional Investment Agreement. In January 1998, with the financial targets having been met, ESM sold \$123.5 million principal amount of subordinated notes under the Note Purchase Agreement for a purchase price equal to their principal amount. On March 30, 1998, we completed the transactions contemplated by the Conditional Investment Agreement by issuing and selling to the WCAS Investors 51,507,716 ordinary shares for \$95.83 million in cash and the surrender of the \$3.27 million principal amount of junior promissory notes issued by us in September 1997.

Some entities in which several of our directors and executive officers and our subsidiaries have a beneficial interest participated in the investments made pursuant to the Share Subscription Agreement and the Conditional Investment Agreement and acquired beneficial ownership of 2,078,336 ordinary shares for a total investment of \$4.0 million.

The proceeds of the equity and subordinated debt investments made under the Share Subscription Agreement, the Conditional Investment Agreement and the Note Purchase Agreement were used, together with the proceeds of a senior bank debt financing and internally generated funds, (1) to acquire for \$40.0 million certain intellectual property rights from operating subsidiaries of SBC and (2) to fund an internal corporate reorganization. Following the reorganization, \$478.7 million in dividends were paid to our shareholders, including a total of \$39.9 million to the WCAS Investors.

In September 1997, the WCAS Investors (investment partnerships affiliated with WCAS and some other investors, including certain entities in which some directors and executive officers of our subsidiaries have a beneficial interest) also granted a call option on some of the ordinary shares acquired under the Share Subscription Agreement and the Conditional Investment Agreement to our then existing shareholders, AIL, SBCI, several entities in some of which some of

our executive officers have a beneficial interest and the Trust. The call option may be exercised, without the payment of any consideration to the WCAS Investors, if specific revenue and cash flow targets are met in fiscal 1998 and fiscal 1999. The targets in fiscal 1998 were satisfied in full. If fully exercised, the call option would decrease the ownership of the WCAS Investors from 62,340,224 to 47,142,184 and increase the relative ownership of AIL, SBCI and the other investors with no change in the aggregate number of ordinary shares outstanding. If the conditions of the call option agreement are satisfied in full, AIL and SBCI each have the right to acquire 6,154,138 ordinary shares and the other investors have the right to acquire 2,889,764 ordinary shares.

SHAREHOLDERS AGREEMENT. In connection with the Share Subscription Agreement and Conditional Investment Agreement, SBCI, WCAS (on behalf of the WCAS Investors), AIL and Amdocs, entered into a shareholders agreement, under which these shareholders have certain rights to have their shares registered for sale to the public under the Securities Act of 1933.

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RELATIONSHIP WITH SBC. Until September 1997, SBC and some of its operating subsidiaries had specified ownership and marketing rights with respect to some of our software products that were developed and owned jointly by us and such SBC subsidiaries. In September 1997, we entered into a series of agreements with these SBC subsidiaries pursuant to which we purchased certain rights from them and terminated related future royalty payment obligations for a total consideration of \$40.0 million.

In March 1999, we entered into an agreement with a subsidiary of SBC, under which SBC has agreed that the level of support and development services that we will provide to SBC and its subsidiaries over the next three years will be at least equal to a substantial portion of the services we currently provide to SBC.

SBC and some of its operating subsidiaries are also significant customers of ours. During the first six months of fiscal 1999 and fiscal 1998, 1997 and 1996, SBC and those subsidiaries accounted for approximately 16.6%, 20.8%, 34.5% and 38.0%, respectively, of our revenue.

THE 1995 REORGANIZATION. Prior to 1995, Amdocs and our operating subsidiaries were operated as a group of companies owned by common shareholders. In 1995, the companies underwent a reorganization, or the 1995 Reorganization, as a result of which Amdocs Limited became the holding company for all the affiliated companies. Subsequent to the reorganization, we issued shares for a total of \$16.6 million to several entities in some of which some of our officers, including one of our directors, have a beneficial interest. In connection with the 1995 Reorganization, these entities entered into shareholders agreements with SBCI and AIL, or the 1995 Shareholders Agreements, in March and September of 1995. Pursuant to the 1995 Shareholders Agreements, the parties thereto have, subject to the occurrence of specified events, call and put rights with respect to the shares issued in connection with the 1995 Reorganization, which may be exercised at a price less than the original purchase price. These rights expire ratably over time and fully expire in 1999, in the case of one such entity, and 2002, in all other cases. The exercise of such rights will not affect the number of outstanding ordinary shares.

OTHER RELATIONSHIPS. Since fiscal 1997, we have provided a CC&B System and related customization and implementation services to GoldenLines Limited, a provider of international telephone service for calls to and from Israel. SBC and Morris S. Kahn have a significant beneficial interest in GoldenLines.

SBC and Mr. Kahn also are the beneficial owners of a company that leases office facilities and provide certain miscellaneous support services to us in Israel.

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PRINCIPAL AND SELLING SHAREHOLDERS

The following table sets forth specified information with respect to the beneficial ownership (before and after giving effect to the issuance and sale of ordinary shares pursuant to this prospectus) as of June 7, 1999 of (i) any person known by us to be the beneficial owner of more than 10% of the outstanding ordinary shares, (ii) all of our directors and executive officers as a group and (iii) the selling shareholders.

NAME AND ADDRESS -----	SHARES BENEFICIALLY OWNED PRIOR TO THE OFFERING		SHARES BEING OFFERED	SHARED BENEFICIALLY OWNED AFTER THE OFFERING	
	NUMBER (1)	PERCENT (2)		NUMBER (1)	PERCENT (3)
Welsh, Carson, Anderson & Stowe(4) (6)..... 320 Park Avenue, Suite 2500 New York, New York 10022	57,372,796	29.2%	2,856,000	54,516,796	27.4%
SBC International, Inc.(5)..... 175 E. Houston Street San Antonio, Texas 78205-2233	43,285,450	22.0%	4,347,750	38,937,700	19.6%
SBC Foundation(5)..... 175 E. Houston Street San Antonio, Texas 78205-2233	1,449,250	*	1,449,250	0	--
Amdocs International Limited(6) (7) (8) (9) (10)..... Suite 5, Tower Hill House Le Bordage, St. Peter Port Guernsey GY1 3QT The Channel Islands	45,963,500	23.4%	8,347,000	37,616,500	18.9%
Toes Corporation Limited(11)..... Lord Coutanche House 66-68 Esplanade, St. Helier Jersey JE4 5PS The Channel Islands	5,720,000	2.9%	1,000,000	4,720,000	2.4%
All directors and executive officers as a group (18 persons) (4) (5) (12).....	163,375,858	83.0%	15,550,750	147,825,108	74.4%

* Less than 1%

(1) Unless otherwise indicated, the entities and individuals identified in this table have sole voting and investment power with respect to all ordinary shares and sole investment power with respect to all ordinary nonvoting shares shown as beneficially owned by them, subject to community property laws, where applicable.

(2) The percentages shown are based on 168,014,574 ordinary voting shares and 28,785,450 ordinary nonvoting shares outstanding on June 7, 1999.

(3) The percentages shown are based on 174,362,324 ordinary voting shares and 24,437,700 ordinary nonvoting shares to be outstanding after the offering, including the 2,000,000 ordinary shares offered by us hereunder.

(4) Includes 36,761,712 ordinary voting shares held by Welsh, Carson, Anderson & Stowe VII, L.P., 10,542,844 ordinary voting shares held by Welsh, Carson, Anderson & Stowe VI, L.P., 7,354,932 ordinary voting shares held by WCAS Capital Partners III, L.P., 226,512 ordinary voting shares held by WCAS Information Partners, L.P. and 2,486,796 ordinary voting shares held by partners and others affiliated with WCAS. Those partners are also partners of the sole general partner of each of the foregoing limited partnerships. The partners of WCAS who are also directors of Amdocs are Bruce K. Anderson

(Chairman of the Board and Chief Executive Officer of Amdocs) and Robert A. Minicucci (Chief Financial Officer of

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Amdocs), and each may be deemed to be a beneficial owner of the ordinary voting shares held by WCAS.

- (5) SBCI is a wholly-owned subsidiary of SBC, a company whose shares are publicly traded on the NYSE. The number of shares shown as beneficially owned by SBCI is comprised of 14,500,000 ordinary voting shares and 28,785,450 ordinary nonvoting shares before the offering and 14,500,000 ordinary voting shares and 24,437,700 ordinary nonvoting shares after the offering. SBCI is the only shareholder of Amdocs that holds ordinary nonvoting shares. The 4,347,750 ordinary nonvoting shares being sold by SBCI in the offering will automatically convert into ordinary shares. SBC Foundation is a private, not-for-profit corporation funded by SBC and its affiliates.
- (6) In connection with our recapitalization effected as of May 20, 1998, in advance of our initial public offering in June 1998, investment partnerships affiliated with WCAS and several entities in which some members of management have a beneficial interest granted irrevocable proxies with respect to a total of 23,521,899 and 6,459,024 ordinary voting shares, respectively, to a company which is the principal shareholder of AIL and which is beneficially owned by Morris S. Kahn. The proxies granted by the WCAS partnerships expire in ten years, or sooner if at any time the WCAS entities collectively own less than 10.0% of our outstanding capital shares. The proxies granted by several entities in which some members of management have a beneficial interest expire ratably over the next one or two years. After giving effect to those proxies and the issuance and sale of ordinary shares in this offering, AIL and its principal shareholder will together have the right to vote 38.8% of our ordinary voting shares (or 33.0%, assuming the delivery of the 10,000,000 ordinary shares which may be required to be delivered to the TRACES Trust upon the exchange of Automatic Common Exchange Securities on the Exchange Date), and WCAS will have the right to vote 17.8% of such shares. The Exchange Date will occur no earlier than June , 2002.
- (7) The number of shares shown as beneficially owned by AIL includes 10,000,000 ordinary shares that may be required to be delivered to the TRACES Trust upon the exchange of Automatic Common Exchange Securities, See "TRACES Shareholders".
- (8) An aggregate 18.7% non-voting interest in AIL is held by an entity whose beneficial interests are held by some of our key executive officers (including a former executive officer).
- (9) Some of our key executive officers are expected to receive approximately 14.5% of the proceeds of the sales by AIL (including proceeds in respect of the ordinary shares deliverable to the TRACES Trust pursuant to the Purchase Contract, see "TRACES Shareholders"). Those executive officers will indirectly sell through AIL (including ordinary shares deliverable to the TRACES Trust pursuant to the Purchase Contract) approximately 14.5% of their indirect economic interest in Amdocs.
- (10) After giving effect to the offering, all of our executive officers will continue to hold, directly and indirectly, economic interests in approximately 35.7% of our outstanding ordinary shares (of which approximately 27.4% are held beneficially by WCAS).

(11) Toes Corporation Limited is owned by an irrevocable secular trust established in September 1997 for the benefit of a group of our employees, primarily software and information technology specialists. Walbrook Trustees (Jersey) Limited is the trustee for the Trust and has sole voting and dispositive power with respect to the ordinary shares of Amdocs owned by Toes Corporation Limited. Walbrook Trustees (Jersey) Limited disclaims beneficial ownership of these shares. The beneficiaries include three executive officers of our operating subsidiaries. See "Management -- Employee Trust Agreement".

(12) Affiliates of WCAS, SBCI and AIL serve on our board of directors and, accordingly, those affiliates may be deemed to be the beneficial owners of the shares held by such entities.

TRACES SHAREHOLDERS

Pursuant to a forward purchase contract, or the Purchase Contract, between the TRACES Trust and the shareholder listed below, or the TRACES Shareholder, a specified number of ordinary shares may be required to be delivered to the TRACES Trust by the TRACES Shareholder upon the exchange of Automatic Common Exchange Securities. The following table sets forth certain information for the TRACES Shareholder with respect to (1) the TRACES Shareholder's beneficial ownership of ordinary shares as of June 7, 1999 and the percentage of total voting power represented thereby and (2) the maximum number of ordinary shares of the TRACES Shareholder that may be delivered to the TRACES Trust pursuant to the Purchase Contract (without taking into account the underwriters' over-allotment option in respect of the Automatic Common Exchange Securities). The TRACES Shareholder's beneficial ownership of ordinary shares will not change as a result of the offering of the Automatic Common Exchange Securities unless, until and to the extent that the TRACES Shareholder delivers ordinary shares to the TRACES Trust pursuant to the Purchase Contract.

DELIVERING SHAREHOLDER	SHARES BENEFICIALLY OWNED AFTER THE OFFERING	PERCENTAGE OF TOTAL VOTING POWER	MAXIMUM NUMBER OF ORDINARY SHARES DELIVERABLE TO TRACES TRUST PURSUANT TO PURCHASE CONTRACT
Amdocs International Limited(1) (2) (3) (4) (5)...	37,616,500	21.6%	10,000,000

(1) AIL may be required to deliver an additional 1,500,000 ordinary shares if the underwriters' over-allotment option is exercised in respect of the Automatic Common Exchange Securities. Pursuant to the Purchase Contract, the ordinary shares deliverable thereunder will be delivered to the TRACES Trust on the Exchange Date under the Purchase Contract. The Exchange Date will occur no earlier than June , 2002. Under the Purchase Contract, the ordinary shares owned by AIL are not mandatorily deliverable to the TRACES Trust. After delivery of the ordinary shares to the TRACES Trust (assuming the delivery of the maximum number of shares that may be delivered by AIL under the Purchase Contract and without taking into account the underwriters' over-allotment option in respect of the Automatic Common Exchange Securities and the sale of the ordinary shares by AIL in the offering), AIL will beneficially own 27,616,500 ordinary shares representing 15.8% of the outstanding voting power of the ordinary shares.

- (2) In connection with our recapitalization effected as of May 20, 1998, in advance of our initial public offering in June 1998, investment partnerships affiliated with WCAS and several entities in which some members of management have a beneficial interest granted irrevocable proxies with respect to a total of 23,521,899 and 6,459,024 ordinary voting shares, respectively, to a company which is the principal shareholder of AIL and which is beneficially owned by Morris S. Kahn. The proxies granted by the WCAS partnerships expire in ten years, or sooner if at any time the WCAS entities collectively own less than 10.0% of our outstanding capital shares. The proxies granted by several entities in which some members of management have a beneficial interest expire ratably over the next one or two years. After giving effect to those proxies and the issuance and sale of ordinary shares in the offering, AIL and its principal shareholder will together have the right to vote 38.8% of our ordinary voting shares (or 33.0%, assuming the delivery of the 10,000,000 ordinary shares that may be required to be delivered to the TRACES Trust upon the exchange of Automatic Common Exchange Securities on the Exchange Date) and WCAS will have the right to vote 17.8% of those shares.
- (3) An aggregate 18.7% non-voting interest in AIL is held by an entity whose beneficial interests are held by some of our key executive officers (including a former executive officer).
- (4) Some of our key executive officers are expected to receive approximately 14.5% of the proceeds of the sales by AIL (including proceeds from the ordinary shares to be sold in the offering). Those executive officers will indirectly sell through AIL (including the shares to be sold in the offering) approximately 14.5% of their indirect economic interest in Amdocs.
- (5) After giving effect to the offering and the delivery of 10,000,000 ordinary shares deliverable to the TRACES Trust pursuant to the Purchase Contract, all of our executive officers will continue to hold, directly and indirectly, economic interests in approximately 35.0% of our outstanding ordinary shares (of which approximately 27.4% are held beneficially by WCAS).

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DESCRIPTION OF SHARE CAPITAL

Our authorized capital stock consists of 500,000,000 ordinary shares, 50,000,000 ordinary nonvoting shares and 25,000,000 preferred shares, in each case, par value L 0.01.

OUR ORDINARY SHARES

All of our issued and outstanding ordinary shares and ordinary nonvoting shares are, and the ordinary shares being offered by us hereunder when issued and paid for will be, validly issued, fully paid and non-assessable. Neither the ordinary shares nor the ordinary nonvoting shares have pre-emptive, subscription or redemption rights. Neither our Memorandum of Association or Articles of Association nor the laws of Guernsey restrict in any way the ownership or voting of ordinary shares held by non-residents of Guernsey.

Except as to voting rights, the rights of the holders of ordinary shares and ordinary nonvoting shares are identical and such securities rank on a parity.

Dividend and Liquidation Rights. Holders of ordinary shares and ordinary nonvoting shares are entitled to receive equally, share for share, any dividends that may be declared by the board of directors out of funds legally available therefor. If, in the future, we declare cash dividends, such dividends will be payable in U.S. dollars. In the event of our liquidation, after satisfaction of liabilities to creditors, holders of ordinary shares and ordinary nonvoting shares are entitled to share pro rata in the net assets of Amdocs. Such rights may be affected by the grant of preferential dividend or distribution rights to

the holders of a class or series of preferred shares that may be authorized in the future. Declaration of a final dividend (not exceeding the amounts proposed by our board of directors) requires shareholder approval by adoption of an ordinary resolution. Failure to obtain such shareholder approval does not affect previously paid interim dividends.

Voting, Shareholder Meetings and Resolutions. Holders of ordinary shares have one vote for each ordinary share held on all matters submitted to a vote of shareholders. These voting rights may be affected by the grant of any special voting rights to the holders of a class or series of preferred shares that may be authorized in the future. An annual general meeting shall be held once every calendar year at the time (within a period of not more than 15 months after the last preceding annual general meeting) and at the place as may be determined by the board of directors. The quorum required for an ordinary meeting of shareholders consists of shareholders present in person or by attorney who hold or represent between them a majority of the outstanding ordinary shares.

An ordinary resolution (such as a resolution for the approval of the financial reports or the declaration of dividends) requires approval by the holders of a majority of the voting rights represented at a meeting, in person or by proxy, and voting thereon. A special or extraordinary resolution (such as, for example, a resolution amending our Memorandum of Association or Articles of Association or approving any change in capitalization, or a liquidation or winding-up) requires approval of the holders of 75% of the voting rights represented at the meeting, in person or by proxy, and voting thereon. A special or extraordinary resolution can only be considered if shareholders receive at least fourteen days' prior notice of the meeting at which such resolution will be considered.

Except as described below, the ordinary nonvoting shares do not have any voting rights. Each nonvoting ordinary share will be converted automatically into one ordinary share at any time that it is transferred by SBCI, the sole holder of the ordinary nonvoting shares. Accordingly, the ordinary nonvoting shares being sold by SBCI in this offering will automatically convert into ordinary shares.

Transfer of Shares and Notices. Fully paid ordinary shares and ordinary nonvoting shares are issued in registered form and may be freely transferred pursuant to the Articles of Association

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unless the transfer is restricted or prohibited by another instrument. Each shareholder of record is entitled to receive at least fourteen days' prior notice of an ordinary shareholders' meeting and at least twenty-one days' prior notice of any shareholders' meeting at which a special resolution is to be adopted. For the purposes of determining the shareholders entitled to notice and to vote at the meeting, the board of directors may fix a record date not more than 60 or less than ten days prior to the date of the meeting.

Modification of Class Rights. The rights attached to any class (unless otherwise provided by the terms of issue of that class), such as voting, dividends and the like, may be varied with the consent in writing of the holders of 75% of the outstanding shares of such class, or with the adoption of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class.

Election of Directors. The ordinary shares do not have cumulative voting rights in the election of directors. As a result, the holders of ordinary shares that represent more than 50% of the voting power have the power to elect all of Amdocs' directors. See "Principal and Selling Shareholders."

OUR PREFERRED SHARES

Amdocs has 25,000,000 authorized preferred shares. The board of directors has the authority to issue the preferred shares in one or more series and to fix the rights, preferences, privileges and restrictions of such shares, including dividend rights, dividend rates, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences and the number of shares constituting any series, without further vote or action by the shareholders. We currently do not have any plans to issue any preferred shares other than the voting share described below.

The purpose of authorizing the board of directors to issue preferred shares

and to determine their rights and preferences is to eliminate delays associated with a shareholder vote on specific issuances. The issuance of preferred shares, while providing desirable flexibility in connection with possible equity financings, acquisitions and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from acquiring, a majority of our outstanding voting shares.

REGISTRATION RIGHTS

AIL, SBCI and WCAS have demand and piggyback registration rights with respect to their ordinary shares under the Securities Act. The ordinary shares being offered in the offering have been registered upon the exercise of one of these demand registration rights. Following the offering described in this prospectus, these holders will have the right, on one more occasion, to require us to register the shares held by them for sale to the public in an underwritten public offering. In addition, if we propose to register any of our ordinary shares under the Securities Act, these holders may require us to include all or a portion of their shares in the registration, although the managing underwriter of any offering has certain rights to limit the number of shares in that registration. All expenses incurred in connection with these registrations (other than underwriters' discounts and commissions and fees of counsel retained by any selling shareholder) will be borne by us. These shareholders have agreed that they will not exercise any right with respect to any of these registrations for a period ending 180 days after the effective date of the registration statement for the offering, without the prior written consent of the underwriters.

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COMPARISON OF UNITED STATES AND GUERNSEY CORPORATE LAW

The following discussion is a summary of the material differences between United States and Guernsey corporate law relevant to an investment in the ordinary shares and is based on the advice of Reboul, MacMurray, Hewitt, Maynard & Kristol, with respect to the corporate law of the United States, and Carey Langlois, with respect to the corporate law of Guernsey. The following discussion is based upon laws and relevant interpretations thereof in effect as of the date of this prospectus, all of which are subject to change.

Under the laws of many jurisdictions in the United States, controlling shareholders generally have certain "fiduciary" responsibilities to minority shareholders. Shareholder action by controlling shareholders must be taken in good faith and actions by such shareholders that are obviously unreasonable may be declared null and void. Guernsey law protecting the interests of minority shareholders may not be as protective in all circumstances as the law protecting minority shareholders in United States jurisdictions.

Under Guernsey law, an individual shareholder cannot, without the authority of the majority of the shareholders of the corporation, initiate litigation in the corporation's name, but an individual shareholder may seek to enforce the corporation's rights by suing in representative form on behalf of himself and all of the other shareholders of the corporation (except the wrongdoers where the complaint is against other shareholders) against the wrongdoers, who may include directors. In these circumstances, the corporation itself may be joined as a nominal defendant in order that it can be bound by the judgment and, if an action results in any property or damages recovered, such recovery goes not to the plaintiff, but to the corporation. Alternatively, Guernsey law makes specific provision to enable a shareholder to apply to the court for relief on the ground that the affairs of the corporation are being or have been conducted in a manner that is unfairly prejudicial to the interests of certain shareholders (including at least himself) or any actual or proposed act or omission of the corporation is or would be so prejudicial. In such circumstances, the court has wide discretion to make orders to regulate the conduct of the corporation's affairs in the future, to require the corporation to refrain from doing or continuing to do an act that the applicant has complained it has omitted to do, to authorize civil proceedings to be brought in the name and on behalf of the corporation and to provide for the purchase of shares of any shareholder of the corporation by other members or by the corporation itself.

As in most United States jurisdictions, unless approved by a special resolution of our shareholders, our directors do not have the power to take certain actions, including an amendment of our Memorandum of Association or

Articles of Association or an increase or reduction in our authorized capital. Directors of a Guernsey corporation, without shareholder approval, in certain instances may, among other things, implement a reorganization and effect certain mergers or consolidations, certain sales, transfers, exchanges or dispositions of assets, property, parts of the business or securities of the corporation; or any combination thereof, if they determine any such action is in the best interests of the corporation, its creditors or its shareholders.

As in most United States jurisdictions, the board of directors of a Guernsey corporation is charged with the management of the affairs of the corporation. In most United States jurisdictions, directors owe a fiduciary duty to the corporation and its shareholders, including a duty of care, pursuant to which directors must properly apprise themselves of all reasonably available information, and a duty of loyalty, pursuant to which they must protect the interests of the corporation and refrain from conduct that injures the corporation or its shareholders or that deprives the corporation or its shareholders of any profit or advantage. Many United States jurisdictions have enacted various statutory provisions that permit the monetary liability of directors to be eliminated or limited. Guernsey law protecting the interests of shareholders may not be as protective in all circumstances as the law protecting shareholders in United States

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jurisdictions. Under our Articles of Association, we are obligated to indemnify any person who is made or threatened to be made a party to a legal or administrative proceeding by virtue of being a director, officer or agent of Amdocs, provided that we have no obligation to indemnify any such persons for any claims they incur or sustain by or through their own willful act of default. See "Risk Factors -- The rights of shareholders of Guernsey corporations differ in some respects from those of shareholders of United States corporations".

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SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of the offering, we will have 174,362,324 ordinary shares and 24,437,700 non-voting ordinary shares issued and outstanding. Of these shares, the 20,000,000 ordinary shares sold in the offering plus any shares issued upon exercise of the underwriters' overallotment options will be freely tradeable without restriction. We, substantially all of our principal shareholders and our officers and directors have agreed not to offer, sell, contract to sell or otherwise dispose of any ordinary shares or non-voting ordinary shares without the consent of the representatives of the underwriters for a period of 90 days after the date of this prospectus, except for the ordinary shares offered hereby and ordinary shares issuable upon the exercise of options granted or to be granted under the Amdocs Plan. These shareholders will, upon the consummation of the offering, own an aggregate 155,655,332 shares or 78.3% of the then outstanding ordinary shares and non-voting ordinary shares. After this 90-day period, all our ordinary shares will be eligible for sale in the public market pursuant to Rule 144, subject to compliance with the volume and manner of sale limitations of Rule 144, or under another exemption from the registration requirements of the Securities Act. Our principal shareholders also have the right in certain circumstances to require us to register their shares under the Securities Act for resale to the public. See "Description of Share Capital -- Registration Rights".

In general, under Rule 144, as currently in effect, if one year has elapsed since the date of acquisition of shares that are "restricted securities" (as defined in Rule 144) from us or any "affiliate" (as defined below) of ours, the acquiror or subsequent holder of the shares (including an affiliate) is entitled to sell, within any three-month period, that number of shares that does not exceed the greater of 1% of our then outstanding ordinary shares and the average weekly trading volume of the ordinary shares on all exchanges and/or reported through the automated quotation system of a registered securities association during the four calendar weeks preceding the date on which notice of the sale is filed with the Securities and Exchange Commission. Sales under Rule 144 are also subject to restrictions relating to manner of sale, notice requirements and the

availability of current public information about us. If two years have elapsed since the later of the date of acquisition of restricted shares from us or from any affiliate of ours, and the acquiror or subsequent holder thereof is deemed not to have been an affiliate of ours at any time during the 90 days preceding a sale, that person would be entitled to sell those shares in the public market under Rule 144(k) without regard to volume limitations, manner of sale provisions, public information requirements or notice requirements. As defined in Rule 144, an "affiliate" of an issuer is a person that directly, or indirectly through the use of one or more intermediaries, controls, or is controlled by, or is under common control with, that issuer.

We intend to register the 6,600,000 ordinary shares reserved for issuance pursuant to the Amdocs Plan following the date of this prospectus, on a Form S-8 registration statement under the Securities Act. This registration statement would become effective immediately upon filing. Shares issued upon the exercise of stock options after the effective date of the Form S-8 registration statement would be eligible for resale in the public market without restriction, subject to Rule 144 limitations applicable to affiliates. The right to exercise options outstanding under the Amdocs Plan is subject to vesting requirements. See "Management -- Employee Stock Options".

One of the selling shareholders has also entered into the Purchase Contract with the TRACES Trust under which it may deliver up to 11,500,000 ordinary shares on or before the Exchange Date. The TRACES Trust will deliver these ordinary shares to the holders of its Automatic Common Exchange Securities. These ordinary shares will be freely tradeable upon their delivery to the TRACES Trust's security holders. The Exchange Date will occur no earlier than June , 2002.

We can make no prediction as to the effect, if any, that future sales of shares or the availability of shares for sale will have on the market price of the ordinary shares prevailing, from time to time. Nevertheless, sales of substantial amounts of the ordinary shares in the public market could adversely affect the prevailing market price of the ordinary shares and could impair our ability to raise capital through the sale of equity securities.

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TAXATION OF THE COMPANY

The following is a summary of certain material tax considerations relating to us and our subsidiaries. To the extent that the discussion is based on tax legislation that has not been subject to judicial or administrative interpretation, there can be no assurance that the views expressed in the discussion will be accepted by the tax authorities in question. The discussion is not intended, and should not be construed, as legal or professional tax advice and is not exhaustive of all possible tax considerations.

GENERAL

Our overall effective tax rate has historically been approximately 30% due to the various corporate income tax rates of the countries in which we operate and the magnitude of our activities in those countries. Our effective tax rate for fiscal 1998 was 50% due to the incurrence of significant interest expense in tax-exempt or low tax jurisdictions. There can be no assurance that our effective tax rate will not change over time as a result of a change in corporate income tax rates or other changes in the tax laws of the various countries in which we operate. Moreover, our effective tax rate in future years may be adversely affected in the event that a tax authority challenged the manner in which items of income and expense are allocated among us and our subsidiaries. In addition, we and certain of our subsidiaries have been granted certain special tax benefits, discussed below, in Cyprus and Israel. The loss of any such tax benefits could have an adverse effect on our effective tax rate.

CERTAIN GUERNSEY TAX CONSIDERATIONS

We qualify as an exempt company (i.e. our shareholders are not Guernsey residents and we do not carry on business in Guernsey) so we generally are not

subject to taxation in Guernsey. We will retain such exempt status following the offering.

CERTAIN CYPRUS TAX CONSIDERATIONS

Our Cyprus subsidiary, Amdocs Development Ltd., operates a development center. Corporations resident in Cyprus currently are subject to a maximum 25% income tax rate. The Government of Cyprus has issued a permit to our Cyprus subsidiary pursuant to which the activities to be conducted by it will be deemed to be offshore activities for the purpose of Cyprus taxation. As a result, our Cyprus subsidiary is subject to an effective tax rate in Cyprus of 4.25%. In order for our subsidiary to remain entitled to this reduced rate of taxation pursuant to the permit, it must continue to satisfy certain requirements concerning its operations in Cyprus and it must undertake certain information reporting obligations to the Government of Cyprus.

CERTAIN UNITED KINGDOM TAX CONSIDERATIONS

Our United Kingdom subsidiary, Amdocs (UK) Limited, performs global development, contracting and marketing functions for our business, and acts as a holding company for certain of our subsidiaries, including our principal United States operating subsidiary.

GENERAL CORPORATE TAXATION IN THE UNITED KINGDOM

Until March 31, 1999, the statutory United Kingdom corporation tax rate was 31%. Commencing on April 1, 1999, the statutory corporate tax rate decreased to 30%. Our United Kingdom subsidiary pays UK corporation tax on its worldwide income, with a credit in certain

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cases for non-UK income taxes paid. Our United Kingdom subsidiary pays tax on dividends received from its subsidiaries, with a credit for underlying non-UK taxes paid by such subsidiaries and withholding taxes paid on such dividends.

CERTAIN ISRAELI TAX CONSIDERATIONS

Our Israeli subsidiary, Amdocs (Israel) Limited, operates our largest development center. Discussed below are certain Israeli tax considerations relating to our Israeli subsidiary:

GENERAL CORPORATE TAXATION IN ISRAEL

Effective January 1, 1996, and thereafter, in general, Israeli companies are subject to "Company Tax" at the rate of 36% of taxable income. However, the effective tax rate payable by an Israeli company that derives income from an Approved Enterprise (as further discussed below) may be considerably less.

LAW FOR THE ENCOURAGEMENT OF CAPITAL INVESTMENTS, 1959

GENERAL. Certain production and development facilities of our Israeli subsidiary have been granted "Approved Enterprise" status pursuant to the Law for the Encouragement of Capital Investments, 1959, or the Investment Law, which provides certain tax and financial benefits to investment programs that have been granted such status.

The Investment Law provides that capital investments in production facilities (or other eligible assets) may, upon application to the Israeli Investment Center, be designated as an Approved Enterprise. Each instrument of approval for an Approved Enterprise relates to a specific investment program delineated both by the financial scope of the investment, including source of funds, and by the physical characteristics of the facility or other assets. The tax benefits available under any instrument of approval relate only to taxable profits attributable to the specific investment program and are contingent upon compliance with the conditions set out in the instrument of approval.

TAX BENEFITS. Taxable income derived from an Approved Enterprise is subject to a reduced corporate tax rate of 25% until the earlier of

- seven consecutive years (or ten in the case of an FIC (as defined below)) commencing in the year in which the Approved Enterprise first generates taxable income,

- twelve years from the year of commencement of production or
- fourteen years from the year of the approval of the Approved Enterprise status.

Such income is eligible for further reductions in tax rates if the company qualifies as a Foreign Investors' Company, or FIC, depending on the percentage of the foreign ownership. Subject to certain conditions, an FIC is a company more than 25% of whose share capital (in terms of shares, rights of profits, voting and appointment of directors) and more than 25% of whose combined share and loan capital is owned by non-Israeli residents. The tax rate is 20% if the foreign investment is 49% or more but less than 74%; 15% if the foreign investment is 74% or more but less than 90%; and 10% if the foreign investment is 90% or more. The determination of foreign ownership is made on the basis of the lowest level of foreign ownership during the tax year. A company that owns an Approved Enterprise, approved after April 1, 1986 may elect to forego the entitlement to grants and apply for an alternative package of tax benefits. In addition, a company (like our Israeli subsidiary) with an enterprise outside the National Priority Regions (which is not entitled to grants) may also apply for the alternative benefits. Under the alternative benefits, undistributed income from the Approved Enterprise operations is fully tax exempt (a tax holiday) for a defined period. The tax holiday ranges between two to ten years from the first year of taxable income subject to the limitations as described above, depending principally upon

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the geographic location within Israel. On expiration of the tax holiday, the Approved Enterprise is eligible for a beneficial tax rate (25% or lower in the case of an FIC, as described above) for the remainder of the otherwise applicable period of benefits.

Our Israeli subsidiary has elected the alternative benefits with respect to its current Approved Enterprise and its enlargements, pursuant to which the Israeli subsidiary enjoys, in relation to its Approved Enterprise operations, certain tax holidays for a period of two years (and in some cases for a period of four years) and reduced tax rates for an additional period of up to eight years. In case our Israeli subsidiary pays a dividend, at any time, out of income earned during the tax holiday period in respect of its Approved Enterprise, it will be subject, assuming that the current level of foreign investment in Amdocs is not reduced, to corporate tax at the otherwise applicable rate of 10% of the income from which such dividend has been paid and up to 25% if such foreign investments are reduced (as detailed above). This tax is in addition to the withholding tax on dividends as described below. Under a new instrument of approval issued recently and relating to the current investment program of our Israeli subsidiary and to the income derived therefrom, our Israeli subsidiary is entitled to a reduced tax rate period of thirteen years (instead of the eight year period referred to above.) The tax benefits, available with respect to an Approved Enterprise only to taxable income attributable to that specific enterprise, are given according to an allocation formula provided for in the Investment Law or in the instrument of approval, and are contingent upon the fulfillment of the conditions stipulated by the Investment Law, the regulations published thereunder and the instruments of approval for the specific investments in the Approved Enterprises. In the event our Israeli subsidiary fails to comply with these conditions, the tax and other benefits could be canceled, in whole or in part, and the subsidiary might be required to refund the amount of the canceled benefits, with the addition of CPI linkage differences and interest. We believe that the Approved Enterprise of our Israeli subsidiary substantially complies with all such conditions currently, but there can be no assurance that it will continue to do so.

From time to time, the Government of Israel has discussed reducing the benefits available to companies under the Investment Law. The termination or substantial reduction of any of the benefits available under the Investment Law could have a material adverse effect on future investments by us in Israel (although such termination or reduction would not affect our Israeli subsidiary's existing Approved Enterprise or the related benefits).

Dividends

Dividends paid out of income derived by an Approved Enterprise during the benefit periods (or out of dividends received from a company whose income is

derived by an Approved Enterprise) are subject to withholding tax at a reduced rate of 15% (deductible at source). In the case of companies that do not qualify as a FIC, the reduced rate of 15% is limited to dividends paid at any time up to twelve years thereafter.

TAXATION OF HOLDERS OF ORDINARY SHARES

The following discussion is a summary of certain United States federal income tax considerations and Guernsey tax considerations relating to an investment in the ordinary shares.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following discussion describes the material United States federal income tax consequences to a holder of ordinary shares that is

- (i) a citizen or resident of the United States,
- (ii) a corporation created or organized in, or under the laws of, the United States or of any state thereof,

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- (iii) an estate, the income of which is includable in gross income for United States federal income tax purposes regardless of its source, or
- (iv) a trust, if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons has the authority to control all substantial decisions of the trust.

This summary generally considers only U.S. holders that will own ordinary shares as capital assets. This summary does not discuss the United States federal income tax consequences to a holder of ordinary shares that is not a U.S. holder.

This discussion is based on current provisions of the Internal Revenue Code of 1986, as amended, or the Code, current and proposed Treasury regulations promulgated thereunder, and administrative and judicial decisions as of the date hereof, all of which are subject to change, possibly on a retroactive basis. This discussion does not address all aspects of United States federal income taxation that may be relevant to a holder of ordinary shares based on such holder's particular circumstances (including potential application of the alternative minimum tax), United States federal income tax consequences to certain holders that are subject to special treatment (such as taxpayers who are broker-dealers, insurance companies, tax-exempt organizations, financial institutions, holders of securities held as part of a "straddle", "hedge" or "conversion transaction" with other investments, or holders owning directly, indirectly or by attribution at least 10% of the ordinary shares), or any aspect of state, local or non-United States tax laws. Additionally, the discussion does not consider the tax treatment of persons who hold ordinary shares through a partnership or other pass-through entity or the possible application of United States federal gift or estate taxes.

EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR WITH RESPECT TO THE PARTICULAR UNITED STATES FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES TO SUCH PERSON OF PURCHASING, HOLDING OR DISPOSING OF THE ORDINARY SHARES.

DIVIDENDS

In general, a U.S. holder receiving a distribution with respect to the ordinary shares will be required to include such distribution (including the amount of foreign taxes, if any, withheld therefrom) in gross income as a taxable dividend to the extent such distribution is paid from our current or accumulated earnings and profits as determined under United States federal income tax principles. Any distributions in excess of such earnings and profits will first be treated, for United States federal income tax purposes, as a nontaxable return of capital to the extent of the U.S. holder's tax basis in the ordinary shares, and then, to the extent in excess of such tax basis, as gain from the sale or exchange of a capital asset. See "Disposition of Ordinary Shares" below. United States corporate shareholders will not be entitled to any

deduction for distributions received as dividends on the ordinary shares.

The amount of foreign income taxes that may be claimed as a credit against United States federal income tax in any year is subject to certain complex limitations and restrictions, which must be determined on an individual basis by each U.S. holder. The limitations set out in the Code include, among others, rules that may limit foreign tax credits allowable with respect to specific classes of income to the United States federal income taxes otherwise payable with respect to each such class of income. Dividends paid by us generally will be foreign source "passive income" for United States foreign tax credit purposes.

DISPOSITION OF ORDINARY SHARES

Upon the sale, exchange or other disposition of ordinary shares, a U.S. holder generally will recognize capital gain or loss in an amount equal to the difference between the amount realized on the disposition by such U.S. holder and its tax basis in the ordinary shares. Such capital gain

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or loss will be long-term capital gain or loss if the U.S. holder has held the ordinary shares for more than one year at the time of the disposition. In the case of a U.S. holder that is an individual, trust or estate, long-term capital gains realized upon a disposition of the ordinary shares generally will be subject to a maximum tax rate of 20%. Gains realized by a U.S. holder on a sale, exchange or other disposition of ordinary shares generally will be treated as United States source income for United States foreign tax credit purposes.

INFORMATION REPORTING AND BACKUP WITHHOLDING

Dividend payments with respect to the ordinary shares and proceeds from the sale, exchange or redemption of ordinary shares may be subject to information reporting to the Internal Revenue Service and possible U.S. backup withholding at a 31% rate. Backup withholding will not apply, however, to a U.S. holder who furnishes a correct taxpayer identification number and makes any other required certification or who is otherwise exempt from backup withholding. Generally a U.S. holder will provide such certification on IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

Amounts withheld under the backup withholding rules may be credited against a U.S. holder's tax liability, and a U.S. holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for a refund with the Internal Revenue Service.

CERTAIN GUERNSEY TAX CONSIDERATIONS

Under the laws of Guernsey as currently in effect, a holder of ordinary shares who is not a resident of Guernsey and who does not carry on business in Guernsey through a permanent establishment situated there is (1) exempt from Guernsey income tax on dividends paid with respect to the ordinary shares and (2) not liable for Guernsey income tax on gains realized on sale or disposition of such ordinary shares. In addition, Guernsey does not impose a withholding tax on dividends paid by us to holders of ordinary shares.

There are no capital gains, gift or inheritance taxes levied by Guernsey, and the ordinary shares generally are not subject to any transfer taxes, stamp duties or similar charges on issuance or transfer.

THE FOREGOING DISCUSSION DOES NOT ATTEMPT TO ADDRESS ALL OF THE POTENTIAL TAX CONSEQUENCES RELATING TO THE ORDINARY SHARES. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR WITH RESPECT TO THE PARTICULAR TAX CONSEQUENCES OF PURCHASING, HOLDING OR DISPOSING OF THE ORDINARY SHARES UNDER THE LAWS OF ITS COUNTRY OF CITIZENSHIP, DOMICILE OR RESIDENCE.

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LEGAL MATTERS

The validity of the ordinary shares offered hereby will be passed upon for us by Carey Langlois, Guernsey. Certain legal matters in connection with the

offering will be passed upon for us by Reboul, MacMurray, Hewitt, Maynard & Kristol and for the underwriters by Skadden, Arps, Slate, Meagher & Flom LLP.

EXPERTS

The financial statements of Amdocs Limited as of September 30, 1998 and 1997 and for the three year period ended September 30, 1998 audited by Ernst & Young LLP have been included in reliance on their report given on their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We file annual reports, quarterly reports and current reports and other information with the Securities and Exchange Commission. You may read and copy any of our SEC filings at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. You may call the SEC at 1-800-SEC-0330 for further information about the Public Reference Room. Our SEC filings are also available to the public on the SEC's website at <http://www.sec.gov>.

You may request copies of the filings, at no cost, by writing to or telephoning us as follows:

Amdocs, Inc.
1610 Des Peres Road
St. Louis, Missouri 63131
Telephone: (314) 821-3242

This prospectus is part of a registration statement on Form F-1 that we filed with the SEC under the Securities Act. This prospectus does not contain all the information contained in the registration statement. For further information about us and our ordinary shares, you should read the registration statement and the exhibits filed with the registration statement.

FORWARD-LOOKING STATEMENTS

Some of the information in this prospectus contains forward-looking statements that involve substantial risks and uncertainties. You can identify these statements by forward-looking words such as "expect," "anticipate," "plan," "believe," "seek," "estimate" and similar words. Statements that we make in this prospectus that are not statements of historical fact may also be forward-looking statements. In particular, statements that we make in "Management's Discussion and Analysis of Financial Condition and Results of Operations" may be forward-looking statements. Forward-looking statements are not guarantees of our future performance, and involve risks, uncertainties and assumptions that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. There may be events in the future that we are not accurately able to predict, or over which we have no control. You should not place undue reliance on forward-looking statements. We do not promise to notify you if we learn that our assumptions or projections are wrong for any reason. Before you invest in our ordinary shares, you should be aware that the factors we discuss in "Risk Factors" and elsewhere in this prospectus could cause our actual results to differ from any forward-looking statements.

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AMDOCS LIMITED INDEX TO FINANCIAL STATEMENTS (in U.S. dollars, unless otherwise stated)

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REPORT OF INDEPENDENT AUDITORS

THE BOARD OF DIRECTORS AND SHAREHOLDERS

AMDOCS LIMITED

We have audited the accompanying consolidated balance sheets of Amdocs Limited as of September 30, 1998 and 1997, and the related statements of operations, changes in shareholders' equity (deficit) and cash flows for each of the three years in the period ended September 30, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the 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, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Amdocs Limited at September 30, 1998 and 1997, and the consolidated results of its operations and its cash flows for each of the three years in the period ended September 30, 1998, in conformity with accounting principles generally accepted in the United States.

/s/ ERNST & YOUNG LLP

St. Louis, Missouri
November 8, 1998

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AMDOCS LIMITED

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	AS OF SEPTEMBER 30,	
	1998	1997
	----	----
ASSETS		
Current Assets:		
Cash and cash equivalents.....	\$ 25,389	\$ 53,732
Accounts receivable, including unbilled of \$10,331 in 1998 and \$2,031 in 1997.....	79,723	48,565
Accounts receivable from related parties, including		

unbilled of \$537 in 1998 and \$0 in 1997.....	10,235	15,393
Deferred income taxes.....	14,534	12,532
Prepaid expenses and other current assets.....	11,991	6,161
	-----	-----
Total current assets.....	141,872	136,383
Equipment, vehicles and leasehold improvements, net.....	46,404	28,287
Deferred income taxes.....	7,773	4,587
Intellectual property rights.....	23,362	25,982
Other noncurrent assets.....	20,555	25,343
	-----	-----
	\$239,966	\$220,582
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current Liabilities:		
Accounts payable and accrued expenses.....	\$ 47,599	\$ 30,543
Accrued personnel costs.....	29,948	23,098
Short-term financing arrangements.....	91,565	1,998
Unearned revenue.....	29,241	17,440
Notes payable to related parties.....	--	3,268
Short-term portion of capital lease obligations.....	2,952	1,954
Forward exchange contracts.....	2,926	--
Income taxes payable and deferred income taxes.....	21,919	20,151
	-----	-----
Total current liabilities.....	226,150	98,452
Long-term forward exchange contracts.....	2,222	--
Long-term portion of capital lease obligations.....	9,215	7,370
Other noncurrent liabilities.....	24,268	20,507
Shareholders' equity (deficit):		
Preferred Shares -- Authorized 25,000 shares; pound sterling 0.01 par value; 0 shares issued and outstanding.....	--	--
Ordinary Shares -- Authorized 550,000 shares; pound sterling 0.01 par value; 196,800 and 124,708 outstanding, respectively (1998 -- 30,235 Non Voting Ordinary Shares and 166,565 Voting Ordinary Shares).....	3,149	1,996
Additional paid-in capital.....	447,503	105,779
Unrealized loss on derivative instruments.....	(1,495)	--
Unearned compensation.....	(8,947)	--
Accumulated deficit.....	(462,099)	(13,522)
	-----	-----
Total shareholders' equity (deficit).....	(21,889)	94,253
	-----	-----
	\$239,966	\$220,582
	=====	=====

See accompanying notes
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AMDOCS LIMITED

CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	YEAR ENDED SEPTEMBER 30,		
	1998	1997	1996
	----	----	----
Revenue:			
License (*).....	\$ 42,891	\$ 25,995	\$ 16,298
Service (*).....	360,876	264,107	195,422
	-----	-----	-----
	403,767	290,102	211,720
	-----	-----	-----
Operating expenses:			
Cost of license (*).....	10,732	3,711	4,011
Cost of service (*).....	231,360	173,704	129,177
Research and development.....	25,612	17,386	14,695
Selling, general and administrative (*).....	51,168	40,769	28,347

Nonrecurring charges (*).....	--	27,563	--
	318,872	263,133	176,230
Operating income.....	84,895	26,969	35,490
Other expense, net(*).....	24,126	3,266	476
Income before income taxes and cumulative effect.....	60,769	23,703	35,014
Income taxes.....	30,385	17,827	10,506
Income before cumulative effect.....	30,384	5,876	24,508
Cumulative effect of change in accounting principle, net of \$277 tax.....	277	--	--
Net income.....	\$ 30,107	\$ 5,876	\$ 24,508
Basic earnings per share			
Income before cumulative effect.....	\$ 0.19	\$ 0.05	\$ 0.23
Cumulative effect of a change in accounting principle (less than \$0.01).....	--	--	--
Net income.....	\$ 0.19	\$ 0.05	\$ 0.23
Diluted earnings per share			
Income before cumulative effect.....	\$ 0.19	\$ 0.05	\$ 0.22
Cumulative effect of a change in accounting principle (less than \$0.01).....	--	--	--
Net income.....	\$ 0.19	\$ 0.05	\$ 0.22

(*) Includes the following income (expense) resulting from transactions with related parties for the year ended September 30, 1998, 1997 and 1996, respectively: License revenue -- \$2,300, \$0, and \$2,000; service revenue -- \$82,100, \$100,500 and \$76,500; cost of license -- \$0, \$(3,382) and \$(4,011); cost of service -- \$(2,325), \$(2,523) and \$(1,966); selling, general and administrative -- \$(510), \$(377) and \$(294); other expense, net -- \$(6,268), \$0 and \$0 (Note 3); nonrecurring charges -- \$0, \$(1,800) and \$0 (Note 3).

See accompanying notes
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AMDOCS LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	ORDINARY SHARES	ADDITIONAL PAID-IN CAPITAL	UNREALIZED LOSS ON DERIVATIVE INSTRUMENTS	UNEARNED COMPENSATION	RETAINED EARNINGS (ACCUMULATED DEFICIT)	TOTAL SHAREHOLDERS' EQUITY (DEFICIT)
	SHARES	AMOUNT				
Balance at September 30, 1995.....	107,934	\$1,727	\$ 14,348	\$ --	\$ 13,354	\$ 29,429
Conversion to Voting Shares.....	(18)	--	--	--	--	--
Net income.....	--	--	--	--	24,508	24,508
Dividends declared, \$0.35 per share...	--	--	--	--	(37,949)	(37,949)
Balance at September 30, 1996.....	107,916	1,727	14,348	--	(87)	15,988
Net income.....	--	--	--	--	5,876	5,876
Dividends declared, \$0.18 per share...	--	--	--	--	(19,311)	(19,311)
Issuance of Ordinary Shares, net.....	16,792	269	91,431	--	--	91,700
Balance at September 30, 1997.....	124,708	1,996	105,779	--	(13,522)	94,253
Net income.....	--	--	--	--	30,107	30,107
Unrealized loss on derivative instruments, net of \$640 tax.....	--	--	--	(1,495)	--	(1,495)
Dividends declared, \$3.76 per share...	--	--	--	--	(478,684)	(478,684)
Issuance of Ordinary Shares, net.....	54,092	865	97,583	--	--	98,448
Initial public offering of Ordinary Shares, net.....	18,000	288	233,902	--	--	234,190
Stock options granted to employees, net of forfeitures.....	--	--	10,239	--	(10,239)	--
Amortization of unearned compensation.....	--	--	--	--	1,292	1,292
Balance at September 30, 1998.....	196,800	\$3,149	\$447,503	\$(1,495)	\$(8,947)	\$(21,889)

See accompanying notes

AMDOCS LIMITED
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 (IN THOUSANDS)

	YEAR ENDED SEPTEMBER 30,		
	1998	1997	1996
	----	----	----
CASH FLOW FROM OPERATING ACTIVITIES:			
Net Income.....	\$ 30,107	\$ 5,876	\$ 24,508
Reconciliation of net income to net cash provided by operating activities:			
Depreciation.....	12,611	8,066	5,223
Amortization.....	16,485	328	--
Loss on sale of equipment.....	149	137	11
Deferred income taxes.....	(1,991)	(11,868)	4,861
Write-off of purchased computer software.....	--	1,800	--
Net changes in operating assets and liabilities:			
Accounts receivable.....	(26,000)	(19,357)	(8,211)
Prepaid expenses and other current assets.....	(5,244)	1,258	(681)
Other noncurrent assets.....	(3,324)	(3,958)	(3,181)
Accounts payable and accrued expenses.....	23,906	20,971	(1,896)
Forward exchange contracts.....	5,148	--	--
Unearned revenue.....	11,800	6,730	5,697
Income taxes payable.....	(1,429)	11,225	3,979
Other noncurrent liabilities.....	5,760	4,843	3,598
Unrealized loss on derivative instruments.....	(1,495)	--	--
	-----	-----	-----
	9,122	21,712	(695)
	-----	-----	-----
Net cash provided by operating activities.....	66,483	26,051	33,908
CASH FLOW FROM INVESTING ACTIVITIES:			
Proceeds from sale of equipment, vehicles and leasehold improvements.....	889	959	253
Payments for purchase of equipment, vehicles and leasehold improvements.....	(26,566)	(10,213)	(5,526)
Purchase of computer software and intellectual property rights.....	--	(40,000)	--
	-----	-----	-----
Net cash used in investing activities.....	(25,677)	(49,254)	(5,273)
CASH FLOW FROM FINANCING ACTIVITIES:			
Dividends paid.....	(478,684)	(18,000)	(40,013)
Net proceeds from issuance of Ordinary Shares.....	330,638	91,700	--
Payments under short-term finance arrangements.....	(269,946)	(155,190)	(130,358)
Borrowings under short-term finance arrangements.....	358,862	140,360	137,872
Net proceeds from issuance of long term debt.....	364,127	--	--
Principal payments on long term debt.....	(368,521)	--	--
Principal payments on capital lease obligations.....	(2,357)	(1,286)	(267)
Proceeds from (payments on) issuance of notes payable.....	(3,268)	3,268	--
	-----	-----	-----
Net cash provided by (used in) financing activities.....	(69,149)	60,852	(32,766)
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents.....	(28,343)	37,649	(4,131)
Cash and cash equivalents at beginning of year.....	53,732	16,083	20,214
	-----	-----	-----
Cash and cash equivalents at end of year.....	\$ 25,389	\$ 53,732	\$ 16,083
	=====	=====	=====

See accompanying notes
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	YEAR ENDED SEPTEMBER 30,		
	1998	1997	1996

Supplementary Cash Flow Information

Interest and Income Taxes Paid

Cash paid for:

Income taxes, net of refunds.....	\$32,472	\$18,352	\$1,475
Interest.....	25,150	1,036	1,199

NON CASH INVESTING AND FINANCING ACTIVITIES

Capital lease obligations of \$5,200, \$8,516 and \$2,361 were incurred during the years ended September 30, 1998, 1997 and 1996 respectively, when the Company entered into lease agreements for vehicles.

The Company declared a dividend to its shareholders as of June 30, 1997 of certain assets, consisting principally of the net assets and liabilities of a dormant entity, totaling approximately \$1,311. The estimated value of the net assets distributed, based on internally prepared estimates, approximates the net book value at the date of distribution. The dividend is aggregated in the Statement of Changes in Shareholders' Equity (Deficit) with cash dividends paid of \$18,000.

See accompanying notes

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AMDOCS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(IN THOUSANDS, EXCEPT PER SHARE DATA)

SEPTEMBER 30, 1998

NOTE 1 NATURE OF ENTITY

Amdocs Limited (the "Company") is a leading provider of product-driven information system solutions to the telecommunications industry. The Company and its subsidiaries operate in one business segment, providing computer systems integration and related services for the telecommunications industry. The Company designs, develops, markets, and supports computer software products and related services to telecommunications companies throughout the world.

The Company is a Guernsey corporation, which holds directly or indirectly several wholly owned subsidiaries in the United States, Europe, Canada, Israel, Japan, Cyprus and Australia. The Company's customers are mainly in the North America, Europe, South America, Australia, and the Asia-Pacific region. The Company derives approximately 55 percent of its revenue from outside the United States. The majority of the Company's production facilities are located in the State of Israel. Additional development and support centers are located in the U.S., Brazil and Cyprus.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the U.S.

CONSOLIDATION

The financial statements include the accounts of the Company and all its subsidiaries, which are wholly owned. All significant intercompany transactions and balances have been eliminated in consolidation.

FUNCTIONAL CURRENCY

The U.S. dollar is the functional currency for the Company and its

subsidiaries, as the U.S. dollar is the predominant currency of the Company's revenue.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and short-term investments with insignificant interest rate risk and original maturities of 90 days or less.

EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Computers, office furniture and equipment, vehicles and leasehold improvements are stated at cost. Assets under capital leases are recorded at the present value of the future minimum lease payments at the date of acquisition. Depreciation is computed using the straight-line method over the estimated useful life of the asset, which ranges from two to twelve years and includes the amortization of assets under capitalized leases. Leasehold improvements are amortized over the shorter of the estimated useful lives or the term of the lease. Management reviews property and equipment and other long-lived assets on a periodic basis to determine whether the events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable.

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AMDOCS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

RESEARCH AND DEVELOPMENT AND COMPUTER SOFTWARE

Research and development expenditures consist of costs incurred during the development of new software modules and product offerings, usually in conjunction with a customer project. Such costs are charged to operations as incurred. Certain computer software costs are capitalized in accordance with Statement of Financial Accounting Standards (SFAS) No. 86, "Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed," which requires capitalization of software development costs subsequent to the establishment of technological feasibility.

Based on the Company's product development process, technological feasibility is established upon completion of a detailed program design or, in the absence thereof, completion of a working model. Costs incurred by the Company after achieving technological feasibility and before the product is ready for customer release have been insignificant.

Purchased computer software, which is reported at the lower of amortized cost or net realizable value, is amortized over its estimated useful life of three years based on the ratio of the current gross revenue for each product to the total current and anticipated future gross revenue for each product. This accounting policy results in amortization of purchased computer software on a basis faster than the straight-line method.

Periodically, the Company considers whether there are indicators of impairment that would require the evaluation of the net realizable value of the capitalized computer software in comparison to its carrying value.

In September 1997 the Company acquired certain intellectual properties rights. These rights are amortized over their estimated useful life of 10 years, on a straight line basis.

Accumulated amortization of intellectual properties rights and computer software is \$11,060 and \$328 at September 30, 1998 and 1997.

STOCK SPLIT

In September 1997 and May 1998, the Board of Directors of the Company authorized stock splits effected as dividends of Ordinary Shares. All references in the consolidated financial statements referring to shares, per share amounts, and contingently issuable shares have been adjusted retroactively for the stock splits.

INCOME TAXES

The Company records deferred income taxes to reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for

financial reporting purposes and for tax purposes. Deferred taxes are computed based on tax rates anticipated to be in effect (under applicable law at the time the financial statements are prepared) when the deferred taxes are expected to be paid or realized.

Deferred tax liabilities and assets are classified as current or noncurrent based on the classification of the related asset or liability for financial reporting, or according to the expected reversal dates of the specific temporary differences, if not related to an asset or liability for financial reporting, and also include anticipated withholding taxes due on subsidiaries' earnings when paid as dividends to their parents.

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AMDOCS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

REVENUE RECOGNITION

The Company's software products require significant customization and therefore the development projects are recognized as long term contracts in conformity with Accounting Research Bulletin (ARB) No. 45 "Long Term Construction Type Contracts" and Statement of Position (SOP) 81-1 "Accounting for Performance of Construction Type and Certain Production Type Contracts" and SOP 97-2 "Software Revenue Recognition". License revenue is recognized as work is performed, using percentage of completion accounting. Service revenue that involves significant ongoing obligations, including fees for customization, implementation and support services, is recognized as work is performed, under the percentage of completion method. Revenue related to ongoing support is recognized as work is performed. Revenue from third party hardware and software sales is recognized when products are delivered. Maintenance revenue is recognized ratably over the term of the maintenance agreement, which in most cases is one year or less. As a result of its percentage of completion accounting policies, the Company's annual and quarterly operating results may be significantly affected by the size and timing of customer projects and the Company's progress in completing such projects.

Losses are recognized on contracts in the period in which the liability is identified. Unearned revenue represents advance billings to customers for services and third-party products and generally is recognized within one year of receipt.

Included in service revenue are sales of third-party products totaling \$27,016 in 1996. Revenue from sales of such products in 1998 and 1997 are less than 10 percent of total revenue and are expected to continue to be below 10 percent in the future. Such products include third-party computer hardware and computer software products.

COST OF LICENSE AND COST OF SERVICE

Cost of license and service consists of all costs associated with providing services to customers, including warranty expense. Estimated costs related to warranty obligations are initially provided at the time the product is delivered and are revised to reflect subsequent changes in circumstances and estimates. Cost of license includes amortization of purchased computer software and intellectual property rights and, in 1997 and 1996 royalty expense.

Included in cost of service are costs of third-party products associated with reselling third-party computer hardware and computer software products to customers. In 1996, such costs totaled \$22,124. Customers purchasing third-party products from the Company generally do so in conjunction with the purchase of services.

NONRECURRING CHARGES

Amounts reflected as nonrecurring charges in the consolidated statements of operations of the year ended September 30, 1997 represent two items: (a) the payment of a one-time special bonus of \$25,763 paid to a trust for the benefit of certain officers and employees related to past services and (b) a write-off of \$1,800 in connection with the acquisition of certain software rights related to in-process research and development.

MODIFICATION OF ACCOUNTING FOR INTELLECTUAL PROPERTY RIGHTS

In 1998, the Company revised its accounting for certain intellectual property rights acquired in 1997. The cost of such rights, \$26,200, was previously reported as a nonrecurring charge in 1997. Effective September 30, 1997, the rights were capitalized and are amortized over their estimated useful life of 10 years.

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AMDOCS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

STOCK-BASED COMPENSATION

The Company accounts for stock-based compensation in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." Pursuant to this accounting standard, the Company records deferred compensation for share options granted to employees at the date of grant based on the difference between the exercise price of the options and the market value of the underlying shares at that date. Deferred compensation is amortized to compensation expense over the vesting period of the underlying options. See Note 14 for pro forma disclosures required in accordance with Statement No. 123, "Accounting for Stock-Based Compensation," ("SFAS 123") of the Financial Accounting Standards Board.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The financial instruments of the Company consist mainly of cash and cash equivalents, accounts receivable, short-term financing arrangements, forward exchange contracts, and lease obligations. In view of their nature, the fair value of the financial instruments included in the accounts of the Company does not significantly vary from their carrying amount.

CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of trade receivables. The Company invests its excess cash primarily in highly liquid U.S. dollar-denominated deposits with major U.S. and U.K. banks. The Company does not expect any credit losses in respect of these items. The Company's revenue is generated primarily in North America, Europe, Australia, Brazil and the Asia-Pacific region, and most of its customers are among the largest telecommunications and directory publishing companies in the world (or owned by them). The Company performs ongoing analysis of its customer base and generally does not require collateral.

RECLASSIFICATIONS

Certain amounts in the 1997 and 1996 financial information have been reclassified to conform to the current year presentation.

ADOPTION OF NEW ACCOUNTING STANDARDS

In February 1997, the Financial Accounting Standards Board (FASB) issued SFAS No. 128, "Earnings per Share" which was adopted on December 31, 1997. SFAS No. 128 replaced previously reported primary and fully diluted earnings per share with basic and diluted earnings per share. Unlike primary earnings per share, basic earnings per share exclude the dilutive effects of options, warrants and convertible securities. Diluted earnings per share are very similar to previously reported fully diluted earnings per share. All earnings per share amounts for all periods have been presented, and where necessary restated to conform to the SFAS No. 128 requirements.

In June 1997, the FASB issued SFAS No. 130, "Reporting Comprehensive Income" which was adopted on October 1, 1997. This new Statement establishes standards for reporting and displaying comprehensive income exclusive of net income and its components in a company's financial statements. At the present time, the only component of comprehensive income which must be included in the Company's financial statements is unrealized gains and losses on derivative instruments designated as cash flow hedges.

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AMDOCS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

In June 1997, the FASB issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" which was adopted on December 31, 1997. SFAS No. 131 requires companies to provide financial and descriptive information about their operating segments. All operating segment information for all periods has been presented.

In October 1997, the AICPA issued SOP 97-2, "Software Revenue Recognition," which updates the requirements of revenue recognition effective for transactions that the Company has entered into beginning January 1, 1998. The adoption of SOP 97-2 did not have a material impact on the Company's financial position or results of operations.

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which is required to be adopted in years beginning after June 15, 1999. The Statement permits early adoption as of the beginning of any fiscal quarter after its issuance. The Company adopted the new Statement effective July 1, 1998. The Statement requires the Company to recognize all derivatives on the balance sheet at fair value. If the derivative meets the definition of a hedge and is so designated, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings.

In March 1998, the AICPA issued SOP 98-1, "Accounting For the Costs of Computer Software Developed For or Obtained For Internal-Use". The provisions of the SOP must be applied in financial statements for fiscal years beginning after December 15, 1998. The SOP will require the capitalization of certain costs incurred after the date of adoption in connection with developing or obtaining software for internal-use. The company currently expenses such costs as incurred. The Company has not yet assessed what the impact of the SOP will be on the Company's future earnings or financial position.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting period. The Company's most significant estimates are related to contract accounting estimates used to recognize revenue under percentage of completion contracts. Actual results could differ from those estimates.

NOTE 3 RELATED-PARTY TRANSACTIONS

The Company licenses software and provides computer systems integration and related services to several affiliates of a significant shareholder of the Company (the "affiliates"). Revenue from the affiliates totaled approximately \$84,400, \$100,500 and \$78,500 in 1998, 1997 and 1996, respectively. Through September 1997 the Company also paid royalties to the affiliates for the licensing of computer software. Royalty expense totaled approximately \$3,400 and \$4,000 in 1997 and 1996, respectively. Amounts due to the affiliates related to these royalties were \$0 and \$436 at September 30, 1998 and 1997, respectively, and were included in accounts payable and accrued expenses.

On September 22, 1997, the Company purchased certain computer software and intellectual property rights from the affiliates for an aggregate amount of \$40,000. As a result, the Company

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

no longer pays royalties to the affiliates related to the purchased computer software. In process research and development, related to this transaction resulted in a nonrecurring charge of \$1,800. The remainder has been capitalized as computer software and intellectual property rights.

On September 22, 1997, the Company issued junior subordinated notes payable in the aggregate amount of \$3,268 to certain persons affiliated with the investors party to the Share Subscription Agreement referred to in Note 13. The notes bore an interest rate of 5.75 percent per annum and were originally due September 22, 1998. The notes were paid in March 1998.

In January 1998, the Company issued \$123,500 in principal amount of 10 percent subordinated notes to affiliates of certain shareholders which were party to the Conditional Investment Agreement referred to in Note 13. This amount was paid as described in Note 8.

The Company leases office space in Israel on a month-to-month basis and purchases other miscellaneous support services from affiliates of certain shareholders. Amounts paid for rent and related maintenance and other miscellaneous support services were approximately \$2,835, \$2,900 and \$2,260 for 1998, 1997 and 1996, respectively.

NOTE 4 COMPENSATING BALANCES

The Company was required to maintain compensating cash balances of \$574 at September 30, 1998 and 1997, relating to foreign currency contracts.

NOTE 5 EQUIPMENT, VEHICLES AND LEASEHOLD IMPROVEMENTS

Components of equipment, vehicles and leasehold improvements, net are as follows:

	1998	1997
	----	----
Furniture and fixtures.....	\$ 6,852	\$ 2,900
Computer equipment.....	37,534	24,688
Vehicles furnished to employees.....	20,500	16,708
Leasehold improvements.....	12,353	3,481
	-----	-----
	77,239	47,777
Less accumulated depreciation.....	30,835	19,490
	-----	-----
	\$46,404	\$28,287
	=====	=====

A subsidiary of the Company has entered into various leasing arrangements with a commercial bank of vehicles for periods of five years, carrying interest rates of LIBOR plus a varying interest rate of 0.7 percent to 1 percent (6.5 percent at September 30, 1998). The Company has accounted for these as capital leases. Capital lease payments, excluding interest, due over the next five years are as follows: \$2,952 in 1999, \$3,148 in 2000, \$3,005 in 2001, \$2,200 in 2002 and \$862 in 2003.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 6 OTHER NONCURRENT ASSETS

Other noncurrent assets consist of the following:

	1998	1997
	----	----
Funded personnel benefit costs.....	\$13,622	\$10,660
Computer software, net of amortization of		
\$8,222 in 1998, and \$110 in 1997.....	3,778	11,890
Other.....	3,155	2,793
	-----	-----

\$20,555 \$25,343
 ===== =====

NOTE 7 INCOME TAXES

The provision for income taxes consists of the following:

	YEAR ENDED SEPTEMBER 30,		
	1998	1997	1996
	----	----	----
Current.....	\$32,376	\$ 29,695	\$ 5,645
Deferred.....	(1,991)	(11,868)	4,861
	-----	-----	-----
	\$30,385	\$ 17,827	\$10,506
	=====	=====	=====

All income taxes are from continuing operations reported by the Company in the applicable taxing jurisdiction. Income taxes also include anticipated withholding taxes due on subsidiaries' earnings when paid as dividends to their parent company.

Deferred income taxes are comprised of the following components:

	1998	1997
	----	----
DEFERRED ASSETS:		
Unearned revenue.....	\$ 5,849	\$ 5,900
Accrued personnel costs.....	7,027	6,621
Computer software and intellectual property.....	1,735	3,339
Warranty and maintenance accruals.....	2,184	--
Other.....	5,512	1,259
	-----	-----
Total deferred assets.....	22,307	17,119
	-----	-----
DEFERRED LIABILITIES:		
Anticipated withholdings on subsidiaries' earnings.....	(7,945)	(4,748)
	-----	-----
Total deferred liabilities.....	(7,945)	(4,748)
	-----	-----
Net deferred assets.....	\$14,362	\$12,371
	=====	=====

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AMDOCS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The effective income tax rate varied from the statutory Guernsey tax rate as follows:

	1998	1997	1996
	----	----	----
Statutory Guernsey tax rate.....	20%	20%	20%
Guernsey tax-exempt status.....	(20)	(20)	(20)
Foreign taxes.....	50*	75*	30
	---	---	---
Effective income tax rate.....	50%	75%	30%
	===	===	===

- -----
* In 1998 and 1997 the Company incurred tax expense on the income of its operations in various countries and sustained a loss in a tax jurisdiction in which the Company is tax exempt, which resulted in no tax benefit to offset the expense incurred. As a result, the Company's effective income tax rate is significantly greater than the 1996 effective rate.

The Company's Israeli subsidiary, which accounts for approximately 31 percent of the Company's income before income taxes, enjoys tax benefits from Approved Enterprise status, as established under Israeli law. The benefits from this status begin phasing out in 1999.

During 1997, the Company settled claims from various taxing authorities resulting in an increase in taxes paid and deferred tax assets. Included in other income (expense), net for the year ended September 30, 1997 is approximately \$3,000, representing interest on tax assessments relating to years prior to fiscal 1997.

The Company's assumption is that it is more likely than not that all the net deferred tax assets will be realized through future taxable earnings.

NOTE 8 SHORT-TERM FINANCING ARRANGEMENTS

Pursuant to a July 1998 agreement (which is an amendment to the December 1997 agreement discussed below) with a syndicate of banks, the Company may borrow up to \$100,000 under a revolving line of credit. This agreement expires in June 2001. The Company borrowed \$66,000 under the line of credit to refinance a facility from a commercial bank, and to repay \$46,000 of the subordinated debt to affiliates of the shareholders as described below. The revolving line of credit bears a variable interest rate (6.5 percent at September 30, 1998). The credit agreement has various covenants which limit the Company's ability to make investments, incur debt, pay dividends and dispose of property. The Company is also required to maintain certain financial ratios as defined in the agreement. Except for vehicles, substantially all of the Company's assets have been pledged as security under the terms of the agreement. At September 30, 1998, the outstanding balance under this credit facility was \$59,000.

Under a credit agreement with the First International Bank of Israel, the Company's subsidiary in the State of Israel may borrow up to \$40,000 under a short term credit line. At September 30, 1998, the outstanding balance was \$32,565. The short term credit line bears a variable interest rate (6.7 percent at September 30, 1998).

In addition, the Company has short term revolving credit line totaling \$7,000 from the FIBI BANK (UK) plc. As of September 30, 1998, the Company used approximately \$4,500 of this revolving credit facility to support outstanding letters of credit.

The Company's financing transactions for the year are described below:

On September 22, 1997, the Company issued junior subordinated notes payable in the aggregate amount of \$3,268 to certain entities affiliated with the investors party to the Share

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AMDOCS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Subscription Agreement referred to in Note 13. The notes bore an interest rate of 5.75 percent per annum, and were due September 22, 1998. The notes were paid in March 1998.

In December 1997, certain direct and indirect subsidiaries entered into a credit agreement (the 1997 Credit Agreement) with several commercial banks, which provided for three separate term loans and a revolving credit facility. Term loans of \$125,000 and \$100,000 with variable interest rates and quarterly principal payments due through December 2002 and June 2004, respectively, and a \$90,000 term loan with a variable interest rate and principal due in May 1998. In December 1997, the Company borrowed \$315,000 under the term loans and placed such proceeds in a cash collateral account maintained by one of the commercial banks subject to the 1997 Credit Agreement. The release of the cash held in the

cash collateral account was subject to the occurrence of certain events, as defined. The events were met in January 1998, and the cash held in the cash collateral account was released to the Company.

In March 1998, the Company received the proceeds of the additional equity investment discussed in Note 13 totaling approximately \$99,000 and used the proceeds to repay the term loan maturing in May 1998 and the short-term notes payable to related parties.

In January 1998, the Company borrowed \$20,000 under the revolving credit portion of the 1997 Credit Agreement and used the proceeds to prepay certain of the term loans. Amounts borrowed under the revolving credit facility bore a variable interest rate and were due December 5, 2002. This amount was repaid in July 1998 with the proceeds of the Company's \$100,000 revolving credit facility.

The occurrence of certain qualifying events, as defined in the Conditional Investment Agreement as discussed in Note 13, also resulted in the issuance of unsecured long-term notes to affiliates of certain shareholders of the Company totaling \$123,500, and a requirement for affiliates of certain shareholders to make an equity investment in the Company of approximately \$99,000, subject to possible adjustment, as provided in the Conditional Investment Agreement. The long-term subordinated notes to affiliates carried an interest rate of 10 percent, payable quarterly with principal due September 2004. The proceeds of the long-term subordinated notes to affiliates were received in January 1998.

On June 24, 1998 the Company used the proceeds from the initial public offering that was conducted on June 19, 1998 to repay \$183,750 in outstanding term loans made in December 1997 and \$49,000 out of the \$123,500, 10 percent subordinated debt issued in January 1998.

Subordinated debt to affiliates of the shareholders in the amount of \$46,000 was repaid in July 1998 from the proceeds of the Company's revolving credit facility.

Effective July 31, 1998, the Company extinguished the subordinated debt with cash flows from operations.

NOTE 9 OTHER NONCURRENT LIABILITIES

Other noncurrent liabilities consist of the following:

	1998	1997
	----	----
Accrued personnel costs.....	\$24,268	\$18,507
Ordinary Shares subscription deposit...	--	2,000
	-----	-----
	\$24,268	\$20,507
	=====	=====

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 10 OTHER EXPENSE, NET

Other expense, net consists of the following:

	YEAR ENDED SEPTEMBER 30,		
	1998	1997	1996
	----	----	----
Interest income.....	\$ 3,445	\$ 873	\$ 964
Interest expense.....	(24,947)	(981)	(1,291)
Interest expense related to			

settlement of tax claims.....	--	(3,000)	--
Other, net.....	(2,624)	(158)	(149)
	-----	-----	-----
	\$ (24,126)	\$ (3,266)	\$ (476)
	=====	=====	=====

NOTE 11 COMMITMENTS

The Company leases office space in various countries in which it does business under non-cancelable operating leases. Future minimum lease payments required for the five-year period beginning October 1, 1998 are as follows:

FOR THE YEAR ENDED SEPTEMBER 30,

1999.....	\$ 9,700
2000.....	10,600
2001.....	10,300
2002.....	8,400
2003.....	7,400

	\$46,400
	=====

Rent expense was approximately \$8,000, \$5,400 and \$4,900 for 1998, 1997 and 1996, respectively. The lease agreement related to the Company's principal facilities in Israel, for which the Company has provided a \$2,000 guarantee, includes a purchase option.

NOTE 12 EMPLOYEE BENEFITS

The Company accrues severance pay for the employees of its Israeli operations in accordance with Israeli law and certain employment procedures on the basis of the latest monthly salary paid to these employees and the length of time that they have worked for the Israeli subsidiary. The severance pay liability, which is included in other noncurrent liabilities, is partially funded by amounts on deposit with insurance companies, which are included in other noncurrent assets. Most of the deposits were funded by the Israeli subsidiary. Severance pay expenses were approximately \$7,100, \$5,500 and \$4,200 for 1998, 1997 and 1996, respectively.

The Company sponsors a defined contribution benefit plan covering substantially all employees in the U.S., U.K., and Canada. The plan provides for Company matching contributions based upon a percentage of the employees' voluntary contributions. The Company's 1998, 1997 and 1996 plan contributions were not significant.

NOTE 13 CAPITAL TRANSACTIONS

On June 19, 1998, the Company commenced an initial public offering of 18,000 Ordinary Shares at an offering price of \$14 per share. Total net proceeds, after deduction of offering expenses and underwriting commissions, amounted to \$234,190. The Company used these funds

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

to repay interest and principal relating to \$183,750 outstanding term loans made in December 1997 and \$49,000 out of the \$123,500 10 percent subordinated debt issued in January 1998.

On July 17, 1998, pursuant to an over-allotment option granted by an existing shareholder of the Company to the underwriters involved with the Company's initial public offering, the underwriters elected to exercise their over-allotment option with respect to 1,344 nonvoting Ordinary Shares held by this shareholder. In accordance with the Company's Articles of Association, such nonvoting Ordinary Shares converted automatically into voting Ordinary Shares,

upon their transfer.

In May 1998, in contemplation of the Company's initial public offering, the Board of Directors took the following actions: (i) redeemed the outstanding Voting Shares at the par value thereof, (ii) amended the terms of the Ordinary Shares to create two classes: voting and non-voting; (iii) authorized 25,000 Preferred Shares, 500,000 Ordinary Shares and 50,000 non-voting Ordinary Shares; and (iv) declared a stock split of 52-for-1 for each Ordinary Share outstanding. The rights of the two classes of Ordinary Shares are identical except as to voting rights and all of the outstanding non-voting Ordinary Shares are held by a principal shareholder of the Company. All references to the number of shares and earnings per share have been restated to reflect the stock split and the redemption of Voting Shares has been given retroactive effect.

In March 1998, the Company issued 51,508 Ordinary Shares according to the September 1997 Conditional Investment Agreement discussed below. Total proceeds (net of \$2,600 fees) amounted to approximately \$96,448.

In January 1998, the Company's Board of Directors declared dividends of \$478,684 which were paid at that time. The dividends were financed by the proceeds of the long term loans, long term notes of affiliates of certain shareholders, and surplus working capital.

In January 1998, the Company issued 36 additional Voting Shares at par value which were redeemed in May 1998 as discussed above and issued the contingently issuable 2,584 Ordinary Shares which were paid in advance in the amount of \$2,000 in the 1995 Stock Subscription Agreements.

On September 22, 1997, the Company entered into a Share Subscription Agreement, under which 11,072 Ordinary Shares and 990 Voting Shares and \$3,268 principal amount of junior promissory notes were issued to certain investors. Also, on September 22, 1997, the Company entered into a Conditional Investment Agreement whereby such investors were obligated to purchase 51,508 Ordinary Shares of the Company in the second quarter 1998 for approximately \$99,000, if the Company achieved certain financial performance targets. In addition, the Company entered into a note purchase agreement with certain affiliates of the investors to issue, at its election, up to \$125,000 of long-term notes, with interest at 10 percent and payable in 2004 subject to the same financial targets in the Conditional Investment Agreement. In addition, the ownership percentages between shareholders will change if the Company attains certain financial performance targets through September 30, 1999.

NOTE 14 STOCK OPTION AND INCENTIVE PLAN

In January 1998, the Company adopted the Amdocs Limited 1998 Stock Option and Incentive Plan ("the Plan"). Under the provisions of the Plan, 4,100 Ordinary Shares are available to be granted to officers, directors, employees and consultants. Subsequent to year end, the Company increased the number of Ordinary Shares available to be granted to 6,600 Ordinary Shares. Under the Plan, in January 1998, 1,651 options were granted to purchase Ordinary Shares at an

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AMDOCS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

exercise price of \$1.92 per share, with vesting over four years and a term of 10 years. No compensation expense is recorded for these stock options as they were granted at an exercise price equal to the fair market value of the Ordinary Shares at the time of the grant.

On June 19, 1998, under the plan, the Company granted an additional 855.4 options with the same exercise price, expiration date and vesting dates as the options granted in January 1998. The Company recorded unearned compensation expense totaling \$10,333 as a separate component of shareholders' equity for the difference between the fair market value per share at the date of grant and the exercise price of \$1.92. Additional Paid in Capital was increased by the same amount. The unearned compensation expense will be amortized ratably over the vesting period of 3.5 years.

On June 19, 1998, options for 21 shares were granted to two non-employee directors at an exercise price equal to the market price of the Ordinary Shares on the grant date, with vesting over three years and a term of 10 years.

On September 14, 1998, options for 1,000 shares were granted to employees at an exercise price of \$8.75 which was equal to the market price of the Ordinary Shares on the grant date, with vesting over four and eight years and a term of 10 years.

A summary of the Plan as of September 30, 1998, as well as changes during the year then ended, is presented below:

	NUMBER OF SHARE OPTIONS -----	WEIGHTED AVERAGE EXERCISE PRICE -----
Outstanding as of beginning of year.....	--	\$ --
Granted.....	3,527.4	3.93
Exercised.....	--	--
Forfeited.....	(7.8)	1.92
	-----	-----
Outstanding as of end of year.....	3,519.6	\$3.93
	=====	=====

The following table summarizes information about share options outstanding as of September 30, 1998:

OUTSTANDING AS OF SEPTEMBER 30, 1998			EXERCISABLE AS OF SEPTEMBER 30, 1998		
EXERCISE PRICES	NUMBER OUTSTANDING	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
-----	-----	-----	-----	-----	-----
\$1.92	2,498.6	9.25	\$ 1.92	--	\$ --
14.00	21.0	9.75	14.00	5.3	14.00
8.75	1,000.0	10	8.75	--	--

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AMDOCS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The weighted average grant-date fair value of the 3,527.4 options granted during the year amounted to \$6.12 per option. The Company utilized the Black-Scholes option pricing model to estimate fair value, utilizing the following assumptions for the year (all in weighted averages):

Risk-free interest rate.....	5.24%
Expected life of options (in years).....	7.1
Expected annual volatility.....	0.945
Expected dividend yield.....	None

Had compensation cost for the Company's share option plans been determined based on fair value at the grant dates for awards made in 1998 under such plans in accordance with SFAS No. 123, the Company's pro forma net income and earnings per share for the year ended September 30, 1998 would have been as follows:

Pro forma net income.....	\$29,455
Pro forma basic earnings per share.....	0.19
Pro forma diluted earnings per share.....	0.18

All of the Company's stock options were granted during the year ended September 30, 1998. Accordingly, the impact of the stock options on pro forma net income and earnings per share does not reflect the annualized impact of such option grants.

NOTE 15 EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

	YEAR ENDED SEPTEMBER 30,		
	1998	1997	1996
Numerator:			
Income before cumulative effect.....	\$30,384	\$ 5,876	\$24,508
Denominator:			
Denominator for basic earnings per share weighted average number of shares outstanding.....	158,528	108,330	107,920
Effect of dilutive contingently issuable shares.....	--	2,585	2,585
Effect of dilutive stock options granted.....	914	--	--
Denominator for dilutive earnings per share -- adjusted weighted average shares and assumed conversions.....	159,442	110,915	110,505
Basic earnings per share.....	\$ 0.19	\$ 0.05	\$ 0.23
Diluted earnings per share.....	\$ 0.19	\$ 0.05	\$ 0.22

NOTE 16 SEGMENT INFORMATION AND SALES TO SIGNIFICANT CUSTOMERS

GEOGRAPHIC INFORMATION

The following is a summary of revenue and long-lived assets by geographic area. Revenue is attributed to geographic region based on the location of the customers.

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AMDOCS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

	YEAR ENDED SEPTEMBER 30,		
	1998	1997	1996
REVENUE			
North America.....	\$210,867	\$185,119	\$142,921
Australia.....	33,215	37,362	36,553
Europe.....	109,752	32,642	30,763
Other.....	49,933	34,979	1,483
Total.....	\$403,767	\$290,102	\$211,720
LONG-LIVED ASSETS			
Israel*.....	\$ 38,917	\$ 26,779	\$ 18,346
North America**.....	30,441	39,771	***
Other.....	7,378	2,402	1,794
	\$ 76,736	\$ 68,952	\$ 20,140

=====

- -----
- * Primarily computers and vehicles.
- ** Primarily computer software and intellectual property rights.
- *** Less than 10 percent of total long-lived assets.

REVENUE AND CUSTOMER INFORMATION

Customer care and billing systems (CC&B) include systems for wireless, wireline and multiple-service or convergent network operators and service providers. Directory includes directory sales and publishing systems for publishers of both traditional printed yellow pages and white pages directories and electronic directories, such as Internet, kiosk and CD-ROM directories.

	YEAR ENDED SEPTEMBER 30,		
	1998	1997	1996
	----	----	----
CC&B.....	\$251,829	\$166,335	\$102,481
Directory.....	151,938	123,767	109,239
	-----	-----	-----
Total.....	\$403,767	\$290,102	\$211,720
	=====	=====	=====

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AMDOCS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

SALES TO SIGNIFICANT CUSTOMERS

The following table summarizes the percentage of sales to significant customers (when they exceed 10 percent of total revenue for the year).

	YEAR ENDED SEPTEMBER 30,		
	1998	1997	1996
	----	----	----
Southwestern Bell Communications Services Inc. and affiliates.....	21%	35%	38%
BellSouth Telecommunications, Inc., and affiliates.....	16	*	*
Telstra Corporation Ltd.....	*	13	16

- -----
- * less than 10 percent of total revenue

NOTE 17 SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

	QUARTER ENDED			
	SEPT 30,	JUNE 30,	MARCH 31,	DEC 31,
	-----	-----	-----	-----
1998				
Revenue.....	\$116,704	\$106,497	\$94,008	\$86,558
Operating income.....	26,104	22,821	19,125	16,845

Net income.....	11,598	6,443	4,105	7,961
Basic earnings per share.....	0.06	0.04	0.03	0.06
Diluted earnings per share.....	0.06	0.04	0.03	0.06
1997				
Revenue.....	\$ 87,987	\$ 77,089	\$62,489	\$62,537
Operating income (loss).....	(10,586)	13,363	12,179	12,013
Net income (loss).....	(18,307)	7,378	8,236	8,569
Basic earnings (loss) per share.....	(0.17)	0.07	0.08	0.08
Diluted earnings (loss) per share.....	(0.17)	0.07	0.07	0.08

The fiscal quarter ended September 30, 1997 includes nonrecurring charges of \$27,563.

NOTE 18 FINANCIAL INSTRUMENTS

Most of the Company's revenue and expenses are denominated in U.S. dollars. However, as the Company does business world-wide, the Company enters into various foreign exchange contracts in managing its foreign exchange risks. The derivative financial instruments are afforded hedge accounting treatment because they are effective in managing foreign exchange risks and are appropriately designated to the underlying exposures. The Company does not enter into derivative contracts for speculative purposes, nor is it a party to any leveraged derivative instrument. Through its foreign currency hedging activities, the Company seeks to minimize the risk that fair value of the sales of products and services and cash flow required for the Company's expenses denominated in a currency different from the functional currency will be affected by changes in exchange rates. Cash flow hedges protect the Company from fluctuations in expenses expected to be incurred in subsidiaries that operate in non U.S. dollar-based environments. Fair value hedges protect cash flows generated by firm commitments from customers who purchase services in non U.S. dollar-based currencies.

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AMDOCS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

For its qualifying fair value hedges, the fair value of the derivative instrument and firm commitment are recorded as assets and liabilities on the balance sheet. The change in the fair value of the forward contract related to the ineffective portion of the hedging contracts is recorded in Other expense, net. For the year ended September 30, 1998, this amounted to an expense of \$98.

For its qualifying cash flow hedges, the fair value of the derivative instrument is recorded as an asset or liability on the balance sheet. The change in fair value of the derivative instrument related to the ineffective portion of the hedging contracts is recorded in Other expense, net. For the year ended September 30, 1998, this amounted to income of \$300. The remaining change in fair value is reported in Other comprehensive income and will be recorded into earnings, as a component of the line item which contains the hedged item in the same period the forecasted transactions affect earnings. It is expected that \$634 of net unrealized losses included in Other comprehensive income at September 30, 1998 will be recognized during the period ended September 30, 1999. At September 30, 1998 the maximum length of time over which the Company is hedging its exposure to the variability of future cash flows is 4 years.

At September 30, 1998, the Company had forward exchange contracts to exchange various foreign currencies for U.S. dollars. The value of New Israeli shekels and Australian dollars to be purchased was \$121,868 and the value of Great Britain pounds, Austrian shillings, Japanese yen, and Canadian dollars to be sold is \$60,599. The fair value of forward derivatives as of September 30, 1998 is \$(4,671).

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AMDOCS LIMITED
CONSOLIDATED BALANCE SHEET (UNAUDITED)
(IN THOUSANDS, EXCEPT PER SHARE DATA)

MARCH 31,
1999

ASSETS

Current Assets:

Cash and cash equivalents.....	\$ 26,894
Accounts receivable, including unbilled of \$7,124.....	121,283
Accounts receivable from related parties.....	10,144
Deferred income taxes.....	12,050
Prepaid expenses and other current assets.....	16,085

Total current assets..... 186,456

Equipment, vehicles and leasehold improvements, net.....	63,533
Deferred income taxes.....	7,348
Intellectual property rights.....	22,052
Other noncurrent assets.....	22,161

\$ 301,550
=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities:

Accounts payable and accrued expenses.....	\$ 47,449
Accrued personnel costs.....	26,861
Short-term financing arrangements.....	75,908
Deferred revenue.....	61,070
Short-term portion of capital lease obligations.....	4,184
Forward exchange contracts.....	1,275
Income taxes payable and deferred income taxes.....	18,039

Total current liabilities..... 234,786

Long-term forward exchange contracts.....	513
Long-term portion of capital lease obligations.....	12,675
Other noncurrent liabilities.....	27,805

Shareholders' equity:

Preferred Shares -- Authorized 25,000 shares; L0.01 par value; 0 shares issued and outstanding.....	--
Ordinary Shares -- Authorized 550,000 shares; L0.01 par value; 196,800 shares outstanding.....	3,149
Additional paid-in capital.....	447,772
Unrealized income on derivative instruments.....	225
Unearned compensation.....	(6,559)
Accumulated deficit.....	(418,816)

Total shareholders' equity..... 25,771

\$ 301,550
=====

See accompanying notes
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AMDOCS LIMITED

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(IN THOUSANDS, EXCEPT PER SHARE DATA)

SIX MONTHS ENDED
MARCH 31,

1999 1998

Revenue:

License (*).....	\$ 32,348	\$ 18,419
Service (*).....	246,907	162,147

279,255 180,566

Operating expenses:

Cost of license.....	2,693	5,867
Cost of service (*).....	160,195	104,750
Research and development.....	17,519	10,955
Selling, general and administrative (*).....	33,062	23,024
	-----	-----
	213,469	144,596
	-----	-----
Operating income.....	65,786	35,970
Other expense, net.....	3,953	11,837
	-----	-----
Income before income taxes.....	61,833	24,133
Income taxes.....	18,550	12,067
	-----	-----
Net income.....	\$ 43,283	\$ 12,066
	=====	=====
Basic earnings per share.....	\$ 0.22	\$ 0.09
	=====	=====
Diluted earnings per share.....	\$ 0.22	\$ 0.09
	=====	=====

(*) Includes the following income (expense) resulting from transactions with related parties for the six months ended March 31, 1999 and 1998, respectively: license revenue -- \$278 and \$210; service revenue -- \$45,949 and \$42,832; cost of service -- \$(1,057) and \$(1,265); selling, general and administrative -- \$(232) and \$(189); interest expense -- \$(0) and \$(3,048).

See accompanying notes.
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AMDOCS LIMITED

CONSOLIDATED STATEMENT OF CHANGES
IN SHAREHOLDERS' EQUITY (DEFICIT) (UNAUDITED)
(IN THOUSANDS)

	ORDINARY SHARES	ADDITIONAL PAID-IN CAPITAL	UNREALIZED INCOME (LOSS) ON DERIVATIVE INSTRUMENTS	UNEARNED COMPENSATION	ACCUMULATED DEFICIT	TOTAL SHAREHOLDERS' EQUITY (DEFICIT)	
	SHARES	AMOUNT					
Balance at September 30, 1998.....	196,800	\$3,149	\$447,503	\$(1,495)	\$(8,947)	\$(462,099)	\$(21,889)
Net income.....	--	--	--	--	43,283	43,283	
Unrealized income on derivative instruments, net of \$737 tax.....	--	--	1,720	--	--	1,720	
Stock options granted, net of forfeitures.....	--	--	269	(241)	--	28	
Amortization of unearned compensation.....	--	--	--	2,629	--	2,629	
Balance at March 31, 1999..	196,800	\$3,149	\$447,772	\$ 225	\$(6,559)	\$(418,816)	\$ 25,771

See accompanying notes
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AMDOCS LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(IN THOUSANDS)

SIX MONTHS ENDED MARCH 31,	
1999	1998
----	----

CASH FLOW FROM OPERATING ACTIVITIES		
Net income.....	\$ 43,283	\$ 12,066
Reconciliation of net income to net cash provided by operating activities:		
Depreciation.....	8,343	5,646
Amortization.....	5,425	8,585
Loss on sale of equipment.....	394	80
Deferred income taxes.....	4,799	(2,790)
Net changes in operating assets and liabilities:		
Accounts receivable.....	(41,469)	(40,478)
Prepaid expenses and other current assets.....	(4,220)	(534)
Other noncurrent assets.....	(2,938)	(2,841)
Accounts payable and accrued expenses.....	(3,237)	5,877
Forward exchange contracts.....	(3,360)	--
Deferred revenue.....	31,830	17,524
Income taxes payable.....	(6,508)	5,996
Other noncurrent liabilities.....	3,537	2,636
Unrealized loss on derivative instruments.....	2,457	--
	-----	-----
	(23,908)	(11,820)
	-----	-----
Net cash provided by operating activities.....	38,336	11,767
	-----	-----
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of equipment, vehicles and leasehold improvements.....	1,006	544
Payments for purchase of equipment, vehicles and leasehold improvements.....	(20,401)	(9,581)
	-----	-----
Net cash used in investing activities.....	(19,395)	(9,037)
	-----	-----
CASH FLOW FROM FINANCING ACTIVITIES		
Net proceeds from issuance of Ordinary Shares.....	--	96,448
Dividends paid.....	--	(478,684)
Payments under short-term finance arrangements.....	(179,274)	(163,249)
Borrowings under short-term finance arrangements.....	163,617	171,081
Net proceeds from issuance of long-term debt.....	--	364,127
Principal payments under capital lease obligations.....	(1,779)	(1,195)
Payments under long-term financing arrangements.....	--	(30,000)
Payments on notes payable to related parties.....	--	(3,268)
	-----	-----
Net cash used in financing activities.....	(17,436)	(44,740)
	-----	-----
Net increase (decrease) in cash and cash equivalents.....	1,505	(42,010)
Cash and cash equivalents at beginning of period.....	25,389	53,732
	-----	-----
Cash and cash equivalents at end of period.....	\$ 26,894	\$ 11,722
	=====	=====
SUPPLEMENTARY CASH FLOW INFORMATION		
Cash paid for:		
Income taxes, net of refunds.....	\$ 20,953	\$ 10,496
Interest.....	3,012	3,972

NONCASH INVESTING AND FINANCING ACTIVITIES

Capital lease obligations of \$6,472 and \$1,133 were incurred during the six months ended March 31, 1999 and 1998, respectively, when the Company entered into lease agreements for vehicles.

See accompanying notes.
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AMDOCS LIMITED

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS, EXCEPT PER SHARE DATA)

MARCH 31, 1999

1. BASIS OF PRESENTATION

AMDOCS Limited (the "Company") is a leading provider of product-driven information system solutions to the telecommunications industry. The Company and its subsidiaries operate in one business segment, providing computer systems integration and related services for the telecommunications industry. The Company designs, develops, markets and supports computer software products and

related services to telecommunications companies throughout the world.

The unaudited consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States. In the opinion of management, all adjustments considered necessary for a fair presentation of the unaudited interim consolidated financial statements have been included therein and are of a normal recurring nature. The results of operations for the interim periods presented herein are not necessarily indicative of the results to be expected for the full year. These statements, however, do not include all information and footnotes necessary for a complete presentation of financial position, results of operations and cash flows in conformity with generally accepted accounting principles. These statements should be read in conjunction with the Company's consolidated financial statements for the year ended September 30, 1998 set forth in the Company's Annual Report on Form 20-F filed with the Securities and Exchange Commission.

2. ADOPTION OF NEW ACCOUNTING STANDARDS

Effective October 1, 1998, the Company adopted the provisions of Statement of Position (SOP) 98-1, "Accounting for the Costs of Computer Software Developed for or Obtained for Internal-Use". The SOP requires the capitalization of certain costs incurred after the date of adoption in connection with developing or obtaining software for internal use. In accordance with the SOP, the Company capitalized approximately \$1,200 of internally developed software costs in the six-month period ended March 31, 1999.

3. COMPREHENSIVE INCOME

Effective October 1, 1998, the Company adopted the provisions of Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (Statement 130), which established standards for the reporting and display of comprehensive income and its components. Comprehensive income represents the change in shareholders' equity during a period from transactions and other events and circumstances from nonowner sources. It includes all changes in equity except those resulting from investments by owners and distributions to owners.

The following table sets forth the reconciliation from net income to comprehensive income for the six month periods ended March 31:

	1999	1998
	----	----
Net income.....	\$43,283	\$12,066
Change in unrealized income on derivative instruments, net of tax.....	1,720	--
	-----	-----
Comprehensive income.....	\$45,003	\$12,066
	=====	=====

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AMDOCS LIMITED

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

4. INCOME TAXES

The provision for income taxes for the six month periods ended March 31 consists of the following:

	1999	1998
	----	----
Current.....	\$13,751	\$14,857
Deferred.....	4,799	(2,790)
	-----	-----

\$18,550 \$12,067
 ===== =====

The effective income tax rate varied from the statutory Guernsey tax rate as follows for the six month periods ended March 31:

	1999	1998
	----	----
Statutory Guernsey tax rate.....	20%	20%
Guernsey tax-exempt status.....	(20)	(20)
Foreign taxes.....	30	50*
	---	---
Effective income tax rate.....	30%	50%
	===	===

- -----
 * In fiscal 1998, the Company incurred tax expense on the income of its operations in various countries and sustained a loss in a tax jurisdiction in which the Company is tax-exempt, which resulted in no tax benefit to offset the expense incurred. As a result, the Company's effective income tax rate in fiscal 1998 was significantly greater than the estimated fiscal 1999 effective tax rate.

5. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share for the six month periods ended March 31:

	1999	1998
	----	----
Numerator:		
Net income.....	\$ 43,283	\$ 12,066
	=====	=====
Denominator:		
Denominator for basic earnings per share -- weighted average shares.....	196,800	127,858
Effect of dilutive stock options granted.....	2,463	475
	-----	-----
Denominator for dilutive earnings per share -- adjusted average shares and assumed conversions.....	199,263	128,333
	=====	=====
Basic earnings per share.....	\$ 0.22	\$ 0.09
	=====	=====
Diluted earnings per share.....	\$ 0.22	\$ 0.09
	=====	=====

6. ARCHITEL TRANSACTION

On March 2, 1999, the Company entered into a combination agreement with Architel Systems Corporation, a Canadian corporation, by which the Company would acquire Architel in a stock transaction valued at approximately \$400,000 at the time of the agreement. On April 8, 1999, Architel announced that it had restructured its relationship with its largest customer, and expected revenue and earnings for the future periods to be substantially less than originally anticipated. As a result of these developments, on April 22, 1999, the Company terminated the combination agreement.

offering, or the Underwriters, named below have entered into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each Underwriter has severally agreed to purchase the number of shares indicated in the following table. Goldman, Sachs & Co., Banc of America Securities LLC, BancBoston Robertson Stephens Inc., BT Alex. Brown Incorporated, Lehman Brothers Inc. and SG Cowen Securities Corporation are the representatives of the Underwriters.

Underwriters -----	Number of Shares -----
Goldman, Sachs & Co.	
Banc of America Securities LLC.....	
BancBoston Robertson Stephens Inc.	
BT Alex. Brown Incorporated.....	
Lehman Brothers Inc.	
SG Cowen Securities Corporation.....	

Total.....	20,000,000 =====

If the Underwriters sell more shares than the total number set forth in the table above, the Underwriters have an option to buy up to an additional 3,000,000 shares from Amdocs and the selling shareholders to cover such sales. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the Underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following table shows the per share and total underwriting discounts and commissions to be paid to the Underwriters by Amdocs and the selling shareholders, respectively. Such amounts are shown assuming both no exercise and full exercise of the Underwriters' option to purchase additional shares.

	Paid by Amdocs -----	
	No Exercise -----	Full Exercise -----
Per Share.....	\$	\$
Total.....	\$	\$
	Paid by the Selling Shareholders -----	
	No Exercise -----	Full Exercise -----
Per Share.....	\$	\$
Total.....	\$	\$

Shares sold by the Underwriters to the public will initially be offered at the initial price to public set forth on the cover of this prospectus and will be eligible for trading on the New York Stock Exchange. Any shares sold by the Underwriters to securities dealers may be sold at a discount of up to \$ per share from the initial price to public. Any such securities dealers may resell any shares purchased from the Underwriters to certain other brokers or dealers at a discount of up to \$ per share from the initial price to public. If all the shares are not sold at the initial price to public the representatives may change the offering price and the other selling terms.

The Company and the selling shareholders have agreed with the Underwriters not to dispose of or hedge any of their ordinary shares or securities convertible into or exchangeable for ordinary shares during the period from the date of this prospectus continuing through the date

days after the date of this prospectus, except with the prior written consent of the representatives. This agreement does not apply to any existing employee benefit plans. See "Shares Eligible for Future Sale" for a discussion of certain transfer restrictions.

In connection with the offering, the Underwriters may purchase and sell ordinary shares in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the Underwriters of a greater number of shares than they are required to purchase in the offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the ordinary shares while the offering is in progress.

The Underwriters also may impose a penalty bid. This occurs when a particular Underwriter repays to the Underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such Underwriter in stabilizing or short covering transactions.

These activities by the Underwriters may stabilize, maintain or otherwise affect the market price of the ordinary shares. As a result, the price of the ordinary shares may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. These transactions may be effected on the New York Stock Exchange or otherwise.

The Company will pay the expenses of the offering on behalf of the selling shareholders, excluding underwriting discounts and commissions. The expenses of the offering are estimated to be approximately \$2.0 million.

The Company and the selling shareholders have agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act.

Up to 10,000,000 additional ordinary shares (or up to 11,500,000 shares if the applicable over-allotment option is exercised in full) may be delivered by the TRACES Trust to holders of the Automatic Common Exchange Securities upon exchange of the Automatic Common Exchange Securities on the Exchange Date (as defined in the Trust Prospectus). In lieu of delivery of such shares, the TRACES Trust shareholder may elect to pay cash or deliver other securities on the Exchange Date for each ordinary share then deliverable in the amounts and under the procedures described in the Trust Prospectus. The Automatic Common Exchange Securities are being offered through an underwriter or underwriters in the manner described in the Trust Prospectus. The respective closings of the offerings of the ordinary shares and the Automatic Common Exchange Securities are not dependent upon one another.

The inside back cover page contains the following:

* Amdocs Logo with text and a graphical representation of the components of Amdocs' "ADS(NG)/Family of Products". Text: ADS(NG)/Family of Products. End-to-end family of products for publishers of Yellow Pages, White Pages and Internet directories.

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- -----

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances

Representatives of the Underwriters

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

[ALTERNATE PAGE FOR TRUST PROSPECTUS]

Subject to Completion. Dated June 7, 1999.

10,000,000 Shares
AMDOCS LIMITED

Ordinary Shares

LOGO

This prospectus relates to up to 10,000,000 ordinary shares (or up to 11,500,000 ordinary shares if the underwriters' over-allotment option is exercised in full) beneficially owned by the Amdocs Automatic Common Exchange Security Trust (the "TRACES Trust") shareholder named in this prospectus that may be delivered by the TRACES Trust to holders of Automatic Common Exchange Securities of the TRACES Trust upon exchange of such securities on the Exchange Date as defined in the attached prospectus of the TRACES Trust (the "Trust Prospectus"). The Automatic Common Exchange Securities are being sold by the TRACES Trust in an offering described in the attached Trust Prospectus. See "Trust Prospectus".

In addition, Amdocs and several of our shareholders are offering for sale up to an aggregate 20,000,000 ordinary shares (or up to 23,000,000 ordinary shares if the underwriters' over-allotment option is exercised in full) directly to the public pursuant to a separate prospectus. Of the 20,000,000 ordinary shares being offered in that offering, 2,000,000 shares are being offered by Amdocs and 18,000,000 shares are being offered by the selling shareholders. The respective closings of the offerings of the Automatic Common Exchange Securities and the ordinary shares are not dependent upon one another.

Amdocs will not receive any proceeds from the sale of the Automatic Common Exchange Securities by the TRACES Trust or the sale of the ordinary shares by our selling shareholders.

The ordinary shares are listed on the New York Stock Exchange under the symbol "DOX." The last reported sale price of our ordinary shares on June 3, 1999 was \$22.88 per share.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

GOLDMAN, SACHS & CO.

DEUTSCHE BANC ALEX. BROWN

LEHMAN BROTHERS

[ALTERNATE PAGE FOR TRUST PROSPECTUS]

PLAN OF DISTRIBUTION

The Automatic Common Exchange Securities will be distributed as described in the Trust Prospectus under the caption "Underwriting". Some of the underwriters and their affiliates have provided, are currently providing, and expect to provide in the future, commercial and investment banking services to us for which they have received and will receive fees and commissions.

TRUST PROSPECTUS

The Automatic Common Exchange Securities are being offered pursuant to the Trust Prospectus. This prospectus relates only to the ordinary shares that may be delivered upon exchange of the Automatic Common Exchange Securities. We take no responsibility for any information included in or omitted from the Trust Prospectus. The Trust Prospectus does not constitute a part of this prospectus nor is it incorporated by reference herein.

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[ALTERNATE COVER FOR TRUST PROSPECTUS]

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No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

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10,000,000 Shares

AMDOCS LIMITED

Ordinary Shares

LOGO

GOLDMAN, SACHS & CO.

DEUTSCHE BANC ALEX. BROWN

LEHMAN BROTHERS

Representatives of the Underwriters

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth the various expenses to be paid by Amdocs in connection with the issuance and distribution of the securities being registered. All amounts shown are estimates except for amounts of filing and listing fees.

Securities and Exchange Commission registration fee.....	\$	226,914
New York Stock Exchange listing fee.....		36,900
National Association of Securities Dealers fee.....		30,500
Legal fees and expenses.....		640,000
Registrar and Transfer Agent fees and expenses.....		3,500
Accounting fees and expenses.....		290,000
Printing, EDGAR formatting and mailing expenses.....		420,000
Miscellaneous.....		352,186

Total.....	\$	2,000,000

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Under our Articles of Association, we are obligated to indemnify any person who is made or threatened to be made a party to a legal or administrative

proceeding by virtue of being a director, officer or agent of Amdocs, provided that we have no such obligation to indemnify any such persons for any claims they incur or sustain by or through their own willful act or default.

We have entered into an indemnity agreement with our directors and some of our officers, under which we have agreed to pay the indemnified party the amount of Loss (as defined therein) suffered by that party due to claims made against that party for a Wrongful Act (as defined therein).

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

Set forth in reverse chronological order below is certain information regarding the number of ordinary shares or other securities issued, or options granted, by the Registrant, since May 6, 1996 that have not been registered under the Securities Act.

(a) Issuances of Share Capital

On March 30, 1998, Welsh, Carson, Anderson & Stowe VII, L.P., Welsh, Carson, Anderson & Stowe VI, L.P., WCAS Information Partners, L.P. and certain other investors purchased a total of 51,507,716 ordinary shares for an aggregate purchase price of \$99.1 million. Such number of ordinary shares and all other share figures set forth in this Item give effect to a recapitalization of Amdocs' share capital which was effected prior to the June 19, 1998 public offering.

On September 28, 1997, a trust for the benefit of certain employees of Amdocs purchased 5,720,000 ordinary shares for an aggregate purchase price of \$31.6 million.

On September 22, 1997, Welsh, Carson, Anderson & Stowe VII, L.P., Welsh, Carson, Anderson & Stowe VI, L.P., and certain other investors purchased 11,072,308 ordinary shares for an aggregate purchase price of \$61.2 million and \$3.27 million in principal amount of Amdocs' junior promissory notes.

(b) Option Grants

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From January 1998 through March 31, 1999, Amdocs granted options to directors, employees and consultants to purchase an aggregate of 4,231,214 ordinary shares at a weighted average exercise price of \$6.03 per share. The options vest ratably over a period of three to eight years commencing from the date of grant. As of March 31, 1999 none of those options were exercisable.

No underwriters were engaged in connection with any of the foregoing sales of securities. The securities issued in the above transactions were offered and sold in reliance upon the exemption from registration under Section 4(2) of the Securities Act or Regulation D or Regulation S promulgated under the Securities Act, relative to sales by an issuer not involving any public offering.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
**1.1	Form of Underwriting Agreement
3.1	Amended and Restated Articles of Association of Amdocs Limited (Exhibit 3.1 to Amdocs' Registration Statement on Form F-1 dated June 19, 1998; Registration No. 333-8826)
3.2	Memorandum of Association of Amdocs Limited (Exhibit 3.2 to Amdocs' Registration Statement on Form F-1 dated June 19, 1998; Registration No. 333-8826)
4.1	Specimen certificate for the ordinary shares of the

- Registrant (Exhibit 4.1 to Amdocs' Registration Statement on Form F-1 dated June 19, 1998; Registration Number 333-8826)
- 4.2 Stock Option and Incentive Plan, as amended, of Amdocs (Exhibit 4.2 to Amdocs' Registration Statement on Form F-1 dated June 19, 1998; Registration No. 333-8826)
- 4.3 Note Purchase Agreement, dated as of September 22, 1997, among European Software Marketing Ltd., WCAS Capital Partners III, L.P., as Agent, and the several Purchasers named in Schedule 1 thereto (Exhibit 4.3 to Amdocs' Registration Statement on Form F-1 dated June 19, 1998; Registration No. 333-8826)
- *4.4 Amended and Restated Credit Agreement, dated as of June 29, 1998, among European Software Marketing Limited, the other subsidiaries of Amdocs named therein, the Initial Lenders, Initial Issuing Bank and Swing Line Bank named therein, and NationsBank, N.A., as Administrative Agent and the Bank of Nova Scotia, as Syndication Agent
- 4.5 Share Subscription Agreement, dated as of September 22, 1997, among the several Investors named therein and Amdocs (Exhibit 4.5 to Amdocs' Registration Statement on Form F-1 dated June 19, 1998; Registration No. 333-8826)
- 4.6 Conditional Investment Agreement, dated as of September 22, 1997, among the several Investors named therein and Amdocs (Exhibit 4.6 to Amdocs' Registration Statement on Form F-1 dated June 19, 1998; Registration No. 333-8826)
- 4.7 Letter Agreement, dated September 22, 1997, as amended as of May 20, 1998, between Amdocs and Welsh, Carson, Anderson and Stowe, on behalf of the Investors named therein (Exhibit 4.7 to Amdocs' Registration Statement on Form F-1 dated June 19, 1998; Registration No. 333-8826)

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EXHIBIT NO. -----	DESCRIPTION -----
4.8	Letter of Understanding, dated September 22, 1997, between Amdocs and Welsh, Carson, Anderson and Stowe, on behalf of the Investors named therein (Exhibit 4.8 to Amdocs' Registration Statement on Form F-1 dated June 19, 1998; Registration No. 333-8826)
4.9	Shareholders Agreement, Summary of Terms, dated September 22, 1997 (Exhibit 4.9 to Amdocs' Registration Statement on Form F-1 dated June 19, 1998; Registration No. 333-8826)
4.10	Certain proxies executed by investment partnerships affiliated with Welsh, Carson, Anderson and Stowe and certain other entities in favor of Conbond Holding Company Ltd. (Exhibit 4.10 to Amdocs' Registration Statement on Form F-1 dated June 19, 1998; Registration No. 333-8826)
*5.1	Opinion of Carey Langlois
10.1	Agreement No. C303410 for Joint Development and Marketing between Southwestern Bell Telephone Company and Amdocs, Inc. dated as of June 19, 1991, as amended (Exhibit 10.1 to Amdocs' Registration Statement on Form F-1 dated June 19, 1998; Registration No. 333-8826).
10.2	General Agreement No. CGA0450 for Support Services effective as of January 1, 1994 Southwestern Bell Telephone Company and Amdocs, Inc. (Exhibit 10.2 to Amdocs' Registration Statement on Form F-1 dated June 19, 1998; Registration No. 333-8826).
10.3	Marketing and License Agreement between Southwestern Bell Yellow Pages, Inc. and Amdocs, Inc. dated as of May 18, 1990, as amended (Exhibit 10.3 to Amdocs' Registration Statement on Form F-1 dated June 19, 1998; Registration No. 333-8826).
10.4	Joint Development Agreement between Southwestern Bell Mobile Systems, Inc. and Amdocs, Inc., signed by the parties on

March 15, 1994 and March 31, 1994, respectively(Exhibit 10.4 to Amdocs' Registration Statement on Form F-1 dated June 19, 1998; Registration No. 333-8826).

- 10.5 Marketing Rights Agreement between Southwestern Bell Mobile Systems, Inc. and Canadian Directory Technology Limited, signed by the parties on March 14, 1994 and April 5, 1994, respectively, as amended(Exhibit 10.5 to Amdocs' Registration Statement on Form F-1 dated June 19, 1998; Registration No. 333-8826).
- 10.6 Letter of Agreement between Southwestern Bell Mobile Systems, Inc. and Canadian Directory Technology Limited dated July 22, 1996 and signed on July 25, 1995(Exhibit 10.3 to Amdocs' Registration Statement on Form F-1 dated June 19, 1998; Registration No. 333-8826).
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- 10.9 License and Maintenance Services Agreement between GoldenLines Limited and Amdocs (UK) Limited, dated as of November 15, 1996(Exhibit 10.9 to Amdocs' Registration Statement on Form F-1 dated June 19, 1998; Registration No. 333-8826).

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EXHIBIT NO.	DESCRIPTION
10.10	Customization and Support Services Agreement between GoldenLines Limited and P.S. Publishing System Limited, dated as of November 15, 1996(Exhibit 10.10 to Amdocs' Registration Statement on Form F-1 dated June 19, 1998; Registration No. 333-8826).
10.11	IT Services Provision Agreement between Pacific Access & Pty Ltd., as agent for Telstra Corporation Limited, and Amdocs (USA), Inc., dated as of May 7, 1998(Exhibit 10.11 to Amdocs' Registration Statement on Form F-1 dated June 19, 1998; Registration No. 333-8826).
10.12	Guarantee and Indemnity between Amdocs Limited, as Guarantor, and Pacific Access Pty Ltd., as Beneficiary, dated as of May 7, 1995(Exhibit 10.12 to Amdocs' Registration Statement on Form F-1 dated June 19, 1998; Registration No. 333-8826).
**+10.13	Master Agreement No. 99006220 for Software and Services between Amdocs, Inc. and SBC Operations, Inc. (effective July 7, 1998), dated March 1999.
21.1	Subsidiaries of the Registrant (Exhibit 21.1 to Amdocs' Registration Statement on Form F-1 dated June 19, 1998; Registration No. 333-8826)
*23.1	Consent of Ernst & Young LLP, independent auditors.
*23.2	Consent of Carey Langlois (included in Exhibit 5.1).
**24.1	Powers of Attorney.

* Filed herewith.

** Previously filed.

+ Confidential material redacted and complete exhibit has been separately filed with the Securities and Exchange Commission.

ITEM 17. UNDERTAKINGS

The undersigned Registrant hereby undertakes to provide to the Underwriters at the closing specified in the Underwriting Agreement, ordinary shares in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described in Item 14, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

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(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of New York, State of New York, on this 7th day of June, 1999.

AMDOCS LIMITED

By: /s/ BRUCE K. ANDERSON

Bruce K. Anderson
Chief Executive Officer
and Chairman of the Board

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ BRUCE K. ANDERSON	Chairman of the Board and Chief Executive Officer	June 7, 1999
Bruce K. Anderson	(Principal Executive Officer)	
*	Director and Chief	June 7, 1999
Robert A. Minicucci	Financial Officer (Principal Financial and Accounting Officer)	
*	Director	June 7, 1999
Adrian Gardner		
*	Director	June 7, 1999
Stephen Hermer		
*	Director	June 7, 1999
James Kahan		
*	Director	June 7, 1999
Paz Littman		
*	Director	June 7, 1999
Avinoam Naor		
*	Director	June 7, 1999
Revital Naveh		
*	Director	June 7, 1999
Lawrence Perlman		
	Director	
Michael J. Price		
	Director	
Urs Suter		
*	Amdocs Limited's Authorized Representative in the United States	June 7, 1999
Thomas G. O'Brien		

*By: /s/ BRUCE K. ANDERSON

Bruce K. Anderson
Attorney-in-Fact

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EXHIBIT

NO.	DESCRIPTION
-----	-----
*23.1	Consent of Ernst & Young LLP, independent auditors.
*23.2	Consent of Carey Langlois (included in Exhibit 5.1).
**24.1	Powers of Attorney.

 * Filed herewith.

** Previously filed.

+ Confidential material redacted and complete exhibit has been separately filed with the Securities and Exchange Commission.

\$120,000,000

AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of June 29, 1998

Among

EUROPEAN SOFTWARE MARKETING LTD.

AMDOCS (U.K.) LTD.

AMDOCS, INC.

CANADIAN DIRECTORY TECHNOLOGY LTD.

AMDOCS (USA), INC.

as Borrowers

and

THE INITIAL LENDERS, INITIAL ISSUING BANK AND SWING LINE BANK NAMED HEREIN

as Initial Lenders, Initial Issuing Bank and Swing Line Bank

and

NATIONSBANK, N.A.

as Administrative Agent

and

THE BANK OF NOVA SCOTIA

as Syndication Agent

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EXHIBITS

Exhibit A	-	Form of Revolving Credit Note
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Exhibit C	-	Form of Assignment and Acceptance
Exhibit D	-	Form of Security Agreement Supplement
Exhibit E	-	Form of Amendment to Deed of Charge over Shares
Exhibit F	-	Form of Consent to Guaranty of US Loan Parties
Exhibit G	-	Form of Consent to Guaranty of Non-US Loan Parties
Exhibit H	-	Form of Opinion of Reboul, MacMurray, Hewitt, Maynard & Kristol
Exhibit I-1	-	Form of Opinion of Carey Langlois
Exhibit I-2	-	Form of Opinion of Frere Cholmeley Bischoff
Exhibit J	-	Form of Opinion of Blackwell Sanders Peper Martin
Exhibit K	-	Form of Confidentiality Agreement

AMENDED AND RESTATED CREDIT AGREEMENT

AMENDED AND RESTATED CREDIT AGREEMENT dated as of June 29, 1998 among European Software Marketing Ltd., a Guernsey company ("ESM"), Amdocs (U.K.) Ltd., a corporation organized under the laws of England and Wales ("Amdocs UK"), Amdocs, Inc., a Delaware corporation ("Amdocs Inc."), Canadian Directory Technology Ltd., a Delaware corporation ("CADET"), and Amdocs (USA), Inc., a Delaware corporation ("Amdocs USA") (ESM, Amdocs UK, Amdocs Inc., CADET and Amdocs USA are collectively the "Borrowers"), the banks, financial institutions and other institutional lenders listed on the signature pages hereof as the Initial Lenders (the "Initial Lenders"), the Initial Issuing Bank (the "Initial Issuing Bank") and the Swing Line Bank (as hereinafter defined) and NationsBank, N.A. ("NationsBank"), as administrative agent (together with any successor appointed pursuant to Article VII, the "Administrative Agent"), The Bank of Nova Scotia, as syndication agent, and The Industrial Bank of Japan, Limited, as documentation agent, for the Lender Parties (as hereinafter defined).

PRELIMINARY STATEMENT. The Existing Lenders (as hereinafter defined) party to the Existing Credit Agreement (as hereinafter defined) and the Borrowers have agreed to amend and restate the Existing Credit Agreement in order to increase the Revolving Credit Commitments (as hereinafter defined) of the Lender Parties and to amend certain of the covenants. The Lender Parties have indicated their willingness to agree to amend and restate the Existing Credit Agreement and to lend such amounts on the terms and conditions of this

Agreement.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Administrative Agent" has the meaning specified in the recital of parties to this Agreement.

"Administrative Agent's Account" means the account of the Administrative Agent maintained by the Administrative Agent with NationsBank at its office at 901 Main Street, 14th Floor, Dallas, Texas 75202, Account No. 129-2000-883, Attention: Molly Oxford.

"Advance" means a Revolving Credit Advance, a Swing Line Advance or a Letter of Credit Advance.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person. For purposes of this definition, the term "control" (including the terms "controlling," "controlled by" and "under common control with") of a Person means the possession, direct or indirect, of the power to vote 5% or more of the Voting Stock of such Person or to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Stock, by contract or otherwise.

"Agents" means the Administrative Agent, The Bank of Nova Scotia in its capacity as syndication agent and The Industrial Bank of Japan, Limited in its capacity as documentation agent.

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"Amdocs Inc." has the meaning specified in the recital of parties to this Agreement.

"Amdocs (Israel)" means Amdocs (Israel) Limited, a corporation organized under the laws of Israel.

"Amdocs UK" has the meaning specified in the recital of parties to this Agreement.

"Amdocs USA" has the meaning specified in the recital of parties to this Agreement.

"Annualized Interest Expense" means (a) for determination on September 30, 1998, Interest Expense for the fiscal quarter most recently ended multiplied by four; (b) for determination on December 31, 1998, Interest Expense for the two fiscal quarters most recently ended multiplied by two; (c) for determination on March 31, 1999, Interest Expense for the three fiscal quarters most recently ended multiplied by 4/3; and (d) for determination on the last day of any fiscal quarter ending on or after June 30, 1999, Interest Expense for the four fiscal quarters most recently ended.

"Applicable Lending Office" means, with respect to each Lender Party, such Lender Party's Domestic Lending Office in the case of a Base Rate Advance and such Lender Party's Eurodollar Lending Office in the case of a Eurodollar Rate Advance.

"Applicable Margin" means a percentage per annum determined by reference to the Leverage Ratio as set forth below:

Leverage Ratio -----	Base Rate Advances	Eurodollar Rate Advances -----
Level I Leverage Ratio is 1.0:1.0 or less	0.00%	0.50%
Level II Leverage Ratio is 1.5:1.0 or less and greater than 1.0:1.	0.00%	0.75%
Level III Leverage Ratio is 2.0:1.0 or less and greater than 1.5:1.0	0.00%	1.00%
Level IV Leverage Ratio is 2.25:1.0 or less and greater than 2.0:1.0	0.25%	1.25%
Level V Leverage Ratio greater than 2.25:1.0	0.50%	1.50%

The Applicable Margin for each Advance shall be determined by reference to the applicable Leverage Ratio in effect from time to time; provided, however, that (A) until the end of the fiscal quarter ending September 30, 1998, the Applicable Margin shall be 0.875% for Eurodollar Rate Advances and 0% for Base Rate Advances, (B) no change in the Applicable Margin shall be effective until three Business Days after the date on which the Administrative Agent receives financial statements pursuant to Section 5.03(b) or (c) and a certificate of the chief financial officer of ESM demonstrating the Leverage Ratio, (C) if ESM

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has not submitted to the Administrative Agent the information described in clause (B) of this proviso as and when required under Section 5.03(b) or (c), as the case may be, the Applicable Margin shall be at Level V for so long as such information has not been received by the Administrative Agent.

"Applicable Percentage" means a percentage per annum determined by reference to the Leverage Ratio as set forth below:

Leverage Ratio -----	Applicable Percentage -----
Level I Leverage Ratio is 1.0:1.0 or less	0.250%
Level II Leverage Ratio is 1.5:1.0 or less and greater than 1.0:1.0	0.250%
Level III Leverage Ratio is 2.0:1.0 or less and greater than 1.5:1.0	0.275%
Level IV Leverage Ratio is 2.25:1.0 or less and greater than 2.0:1.0	0.325%
Level V Leverage Ratio greater than 2.25:1.0	0.375%

The Applicable Percentage shall be determined by reference to the Leverage Ratio in effect from time to time; provided, however, that (A) until the end of the fiscal quarter ending September 30, 1998, the Applicable Percentage shall be as set forth opposite Level III above, (B) no change in the Applicable Percentage shall be effective until

three Business Days after the date on which the Administrative Agent receives financial statements pursuant to Section 5.03(b) or (c) and a certificate of the chief financial officer of ESM demonstrating the Leverage Ratio and (C) if ESM has not submitted to the Administrative Agent the information described in clause (B) of this proviso as and when required under Section 5.03(b) or (c), as the case may be, the Applicable Percentage shall be at Level V for so long as such information has not been received by the Administrative Agent.

"Appropriate Lender" means, at any time, with respect to (a) the Revolving Credit Facility, a Lender that has a Commitment with respect to such Facility at such time, (b) the Letter of Credit Facility, (i) the Issuing Bank and (ii) if the other Lenders have made Letter of Credit Advances pursuant to Section 2.03(c) that are outstanding at such time, each such other Lender and (c) the Swing Line Facility, (i) the Swing Line Bank and (ii) if the other Lenders have made Swing Line Advances pursuant to Section 2.02(b) that are outstanding at such time, each such other Lender.

"Arranger" means NationsBanc Montgomery Securities LLC.

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender Party and an Eligible Assignee, and accepted by the Administrative Agent, in accordance with Section 9.07 and in substantially the form of Exhibit C hereto.

"Assuming Lender" has the meaning specified in Section 2.16(d).

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"Assumption Agreement" has the meaning specified in Section 2.16(d) (ii).

"Available Amount" of any Letter of Credit means, at any time, the maximum amount available to be drawn under such Letter of Credit at such time (assuming compliance at such time with all conditions to drawing).

"Bank Hedge Agreement" means any interest rate Hedge Agreement permitted under Article V that is entered into by and between any Borrower and any Hedge Bank.

"Base Rate" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to the higher of:

(a) the rate of interest most recently announced publicly by NationsBank in Charlotte, North Carolina, as its prime rate (which rate may not be the lowest rate of interest charged by it to its customers); and

(b) 1/2 of one percent per annum above the Federal Funds Rate.

"Base Rate Advance" means an Advance that bears interest as provided in Section 2.07(b) (i).

"Borrower's Account" means, with respect to any Borrower, the account of such Borrower maintained by such Borrower with NationsBank at its office at 901 Main Street, 14th Floor, Dallas, Texas 75202, as set forth opposite the name of such Borrower on Schedule II.

"Borrowers" has the meaning specified in the recital of parties to this Agreement.

"Borrowing" means a Revolving Credit Borrowing or a Swing Line Borrowing.

"Business Day" means a day of the year on which banks are not required or authorized by law to close in Dallas, Texas or New York, New York and, if the applicable Business Day relates to any Eurodollar Rate Advances, on which dealings are carried on in the London interbank

market.

"CADET" has the meaning specified in the recital of parties to this Agreement.

"Capital Expenditures" means, without duplication, the following, calculated on a Consolidated basis for Limited and its Subsidiaries in accordance with GAAP: (a) the gross amount of expenditures for fixed or capital assets (excluding such assets acquired in connection with normal replacement and maintenance programs) determined in accordance with GAAP, plus (b) the aggregate amount of all monetary Obligations under Capitalized Leases to the extent required to be capitalized in accordance with GAAP. For purposes of this definition, the purchase price of equipment that is purchased simultaneously with the trade-in of existing equipment or with insurance proceeds shall be included in Capital Expenditures only to the extent of the gross amount of such purchase price less the credit granted by the seller of such equipment for the equipment being traded in at such time or the amount of such proceeds, as the case may be.

"Capitalized Leases" means all leases that have been (or in accordance with GAAP are required to be) recorded as capitalized leases.

"Cash Collateral Account" has the meaning specified in the Security Agreement.

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"Cash Equivalents" means any of the following, to the extent owned free and clear of all Liens other than Liens created under the Collateral Documents and having a maturity of not greater than 90 days from the date of issuance thereof: (a) readily marketable direct obligations of the Government of the United States or any agency or instrumentality thereof or obligations unconditionally guaranteed by the full faith and credit of the Government of the United States, (b) insured certificates of deposit or time deposits with any commercial bank that is (x) a Lender Party, (y) a member of the Federal Reserve System or a bank organized in the United Kingdom or Israel that issues (or the parent of which issues) commercial paper rated as described in clause (c), and has combined capital and surplus of at least \$1 billion or (z) First International Bank of Israel, (c) commercial paper in an aggregate amount of no more than \$2,500,000 per issuer outstanding at any time, issued by any corporation organized under the laws of any State of the United States and rated at least "Prime-1" (or the then equivalent grade) by Moody's Investors Service, Inc. or "A-1" (or the then equivalent grade) by Standard & Poor's Ratings Group or (d) any other cash equivalent agreed to in writing between the Borrowers and the Administrative Agent.

"Collateral" means all "Collateral" referred to in the Collateral Documents and all other property that is or is purported to be subject to any Lien in favor of the Administrative Agent for the benefit of the Secured Parties pursuant to the Collateral Documents.

"Collateral Documents" means the Security Agreement, the Deed of Charge over Shares and any other agreement that creates or purports to create a Lien in favor of the Administrative Agent for the benefit of the Secured Parties.

"Commitment" means a Revolving Credit Commitment or a Letter of Credit Commitment.

"Confidential Information" means information furnished by or on behalf of the Borrowers (whether prepared by any Borrower, its representatives or otherwise) to the Administrative Agent or any Lender Party under circumstances where such information would reasonably be anticipated to be confidential, excluding any such information (a) that is or becomes generally available to the public other than as a result of a breach by the Administrative Agent or any Lender Party of its obligations hereunder or (b) that is or becomes available to the Administrative Agent or such Lender Party from a source other than a Borrower and the Administrative Agent or such Lender Party should not reasonably know that such source is in breach of any confidentiality

obligations owed to any Loan Party.

"Consolidated" refers to the consolidation of accounts of Limited and its Subsidiaries in accordance with GAAP.

"Consolidating" financial statements of Limited and its Subsidiaries refers to the presentation of accounts of Limited, Amdocs (Israel), Amdocs UK, Amdocs Inc., Amdocs USA and the other Consolidated Subsidiaries of Limited (as a group).

"Conversion", "Convert" and "Converted" each refer to a conversion of Advances of one Type into Advances of the other Type pursuant to Section 2.09 or 2.10.

"CPIII" means WCAS Capital Partners III, L.P., a Delaware limited partnership.

"Current Assets" of any Person means all assets of such Person that would, in accordance with GAAP, be classified as current assets of a company conducting a business the same as or similar to that of such Person, after deducting adequate reserves in each case in which a reserve is required in accordance with GAAP.

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"Current Liabilities" of any Person means (a) all Debt of such Person that by its terms is payable on demand or matures within one year after the date of determination (excluding any Debt renewable or extendible, at the option of such Person, to a date more than one year from such date or Debt arising under a revolving credit or similar agreement that obligates the lender or lenders to extend credit during a period of more than one year from such date) in accordance with GAAP and (b) all other items (including taxes accrued as estimated) that in accordance with GAAP would be classified as current liabilities of such Person.

"Debt" of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all Obligations of such Person for the deferred purchase price of property or services (other than accrued expenses or payables not overdue by more than 90 days incurred in the ordinary course of such Person's business), (c) all Obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all Obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all Obligations (determined in accordance with GAAP) of such Person as lessee under Capitalized Leases, (f) all Obligations, contingent or otherwise, of such Person under acceptance, letter of credit or similar facilities, (g) all Obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any capital stock of or other ownership or profit interest in such Person or any other Person or any warrants, rights or options to acquire such capital stock, valued, in the case of Redeemable Preferred Stock, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends, (h) all Obligations of such Person in respect of Hedge Agreements, (i) all Debt of others referred to in clauses (a) through (h) above or clause (j) below guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (i) to pay or purchase such Debt or to advance or supply funds for the payment or purchase of such Debt, (ii) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Debt or to assure the holder of such Debt against loss, (iii) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (iv) otherwise to assure a creditor against loss, and (j) all Debt referred to in clauses (a) through (h) above of another Person secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by

such Person, even though such Person has not assumed or become liable for the payment of such Debt.

"Deed of Charge over Shares" has the meaning specified in Section 3.01(d) (vi).

"Default" means any Event of Default or any event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

"Defaulted Advance" means, with respect to any Lender Party at any time, the portion of any Advance required to be made by such Lender Party to any Borrower pursuant to Section 2.01 or 2.02 at or prior to such time which has not been made by such Lender Party or by the Administrative Agent for the account of such Lender Party pursuant to Section 2.02(e) as of such time. In the event that a portion of a Defaulted Advance shall be deemed made pursuant to Section 2.15(a), the remaining portion of such Defaulted Advance shall be considered a Defaulted Advance originally required to be made pursuant to Section 2.01 on the same date as the Defaulted Advance so deemed made in part.

"Defaulted Amount" means, with respect to any Lender Party at any time, any amount required to be paid by such Lender Party to the Administrative Agent or any other Lender Party hereunder or under

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any other Loan Document at or prior to such time which has not been so paid as of such time, including, without limitation, any amount required to be paid by such Lender Party to (a) the Swing Line Bank pursuant to Section 2.02(b) to purchase a portion of a Swing Line Advance made by the Swing Line Bank, (b) the Issuing Bank pursuant to Section 2.03(c) to purchase a portion of a Letter of Credit Advance made by the Issuing Bank, (c) the Administrative Agent pursuant to Section 2.02(e) to reimburse the Administrative Agent for the amount of any Advance made by the Administrative Agent for the account of such Lender Party, (d) any other Lender Party pursuant to Section 2.13 to purchase any participation in Advances owing to such other Lender Party and (e) the Administrative Agent or the Issuing Bank pursuant to Section 8.05 to reimburse the Administrative Agent or the Issuing Bank for such Lender Party's ratable share of any amount required to be paid by the Lender Parties to the Administrative Agent or the Issuing Bank as provided therein. In the event that a portion of a Defaulted Amount shall be deemed paid pursuant to Section 2.15(b), the remaining portion of such Defaulted Amount shall be considered a Defaulted Amount originally required to be paid hereunder or under any other Loan Document on the same date as the Defaulted Amount so deemed paid in part.

"Defaulting Lender" means, at any time, any Lender Party that, at such time, (a) owes a Defaulted Advance or a Defaulted Amount or (b) shall take any action or be the subject of any action or proceeding of a type described in Section 6.01(f).

"Domestic Lending Office" means, with respect to any Lender Party, the office of such Lender Party specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender Party, as the case may be, or such other office of such Lender Party as such Lender Party may from time to time specify to the Borrowers and the Administrative Agent.

"EBITDA" means, for any period, the sum, determined on a Consolidated basis of (a) net income (or net loss), (b) interest expense, (c) income tax expense, (d) depreciation expense, (e) amortization expense, (f) other non-cash charges (including any non-cash charges incurred in connection with the transactions contemplated by this Agreement), (g) non-recurring cash charges for expenses related to the transactions contemplated by the Loan Documents, minus (h) non-cash credits, in each case of Limited and its Subsidiaries determined in accordance with GAAP for such period.

"Eligible Assignee" means (a) with respect to any Facility (other than the Letter of Credit Facility), (i) a Lender; (ii) an

Affiliate of a Lender; and (iii) any other Person approved by the Administrative Agent and, unless an Event of Default has occurred and is continuing at the time any assignment is effected in accordance with Section 9.07, ESM, such approval not to be unreasonably withheld or delayed and (b) with respect to the Letter of Credit Facility, a Person that is an Eligible Assignee under subclause (iii) of clause (a) of this definition and is approved by the Administrative Agent and, unless an Event of Default has occurred and is continuing at the time any assignment is effected in accordance with Section 9.07, ESM, such approval not to be unreasonably withheld or delayed; provided, however, that neither any Loan Party nor any Affiliate of a Loan Party shall qualify as an Eligible Assignee under this definition.

"Environmental Action" means any action, suit, demand, demand letter, claim, notice of non-compliance or violation, notice of liability or potential liability, investigation, proceeding, consent order or consent agreement relating in any way to any Environmental Law, any Environmental Permit or Hazardous Material or arising from alleged injury or threat to health, safety or the environment, including, without limitation, (a) by any governmental or regulatory authority for enforcement, cleanup, removal, response, remedial or other actions or damages and (b) by any governmental or regulatory

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authority or third party for damages, contribution, indemnification, cost recovery, compensation or injunctive relief.

"Environmental Law" means any federal, state, local or foreign statute, law, ordinance, rule, regulation, code, order, writ, judgment, injunction, decree or judicial or agency interpretation, policy or guidance relating to pollution or protection of the environment, health, safety or natural resources, including, without limitation, those relating to the use, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials.

"Environmental Permit" means any permit, approval, identification number, license or other authorization required under any Environmental Law.

"Equity Investors" means Welsh, Carlson, Anderson & Stowe VII, L.P., a Delaware limited partnership, and certain other affiliated investors in the equity of Limited.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"ERISA Affiliate" means any Person that for purposes of Title IV of ERISA is a member of the controlled group of any Loan Party, or under common control with any Loan Party, within the meaning of Section 414 of the Internal Revenue Code.

"ESM" has the meaning specified in the recital of parties to this Agreement.

"Eurodollar Lending Office" means, with respect to any Lender Party, the office of such Lender Party specified as its "Eurodollar Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender Party (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender Party as such Lender Party may from time to time specify to the Borrowers and the Administrative Agent.

"Eurodollar Rate" means, for the applicable Interest Period for any Eurodollar Rate Advance comprising part of the same Borrowing, an interest rate per annum equal to the rate per annum obtained by dividing (a) the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Dow Jones Markets Page 3750 (or any successor page) as the London interbank offered rate for deposits in U.S. dollars at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period or, if for any reason such rate is not available, the rate per annum (rounded upwards, if necessary, to

the nearest 1/100 of 1%) appearing on Reuters Screen LIBO Page as the London interbank offered rate for deposits in U.S. dollars at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period; provided, however, if more than one rate is specified on Reuters Screen LIBO Page, the applicable rate shall be the arithmetic mean of all such rates (rounded upwards, if necessary, to the nearest 1/100 of 1%) by (b) a percentage equal to 100% minus the Reserve Requirement for such Interest Period.

"Eurodollar Rate Advance" means an Advance that bears interest as provided in Section 2.07(b)(ii).

"Events of Default" has the meaning specified in Section 6.01.

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"Existing Credit Agreement" means the credit agreement dated as of December 5, 1997 among the Borrowers (other than Amdocs USA), the Existing Lenders, NationsBank of Texas, N.A., as administrative agent, The Bank of Nova Scotia, as syndication agent, and The Industrial Bank of Japan, Limited, as documentation agent, as amended as of January 6, 1998.

"Existing Debt" has the meaning specified in Section 4.01(y) hereof.

"Existing Lenders" means the lenders party to the Existing Credit Agreement.

"Facility" means the Revolving Credit Facility, the Swing Line Facility or the Letter of Credit Facility.

"Federal Funds Rate" means, for any day, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate charged to the Administrative Agent (in its individual capacity) on such day on such transactions as determined by the Administrative Agent.

"Fiscal Year" means a fiscal year of Limited and its Consolidated Subsidiaries ending on September 30 in any calendar year.

"Funded Debt" of any Person means, on any date of determination, the following, calculated on a Consolidated basis for such Person and its Subsidiaries in accordance with GAAP: (a) all obligations for borrowed money (whether as a direct obligation on a promissory note, bond, zero coupon bond, debenture or other similar instrument, as an unsatisfied reimbursement obligation on a drawn letter of credit, as a guaranty (if payment on such obligation has been demanded), or otherwise) plus (without duplication) (b) that portion of all Capital Lease obligations required to be capitalized in accordance with GAAP minus (c) cash and cash equivalents of such Person.

"GAAP" means generally accepted accounting principles of the Accounting Principles Board of the American Institute of Certified Public Accountants and the Financial Accounting Standards Board that are applicable on the date of this Agreement, subject to changes permitted by Section 1.03. "Guarantor" means ESM, Amdocs Inc., CADET, Amdocs USA, Amdocs Services Inc., Sypress, Inc., Amdocs Japan Limited and each other Person that shall become a guarantor in accordance with Section 5.01(l).

"Guaranty" means the US Loan Party Guaranty or the Non-US Loan Party Guaranty.

"Hazardous Materials" means (a) petroleum or petroleum products, by-products or breakdown products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls and radon gas and (b) any other chemicals, materials or substances designated, classified or regulated as hazardous or toxic or as a pollutant or contaminant under any Environmental Law.

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"Hedge Agreements" means interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts and other similar agreements.

"Hedge Bank" means any Lender Party or any of its Affiliates in its capacity as a party to a Bank Hedge Agreement.

"Increase Date" has the meaning specified in Section 2.16(a).

"Indemnified Party" has the meaning specified in Section 9.04(b).

"Initial Extension of Credit" means the earlier to occur of the initial Borrowing and the initial issuance of a Letter of Credit hereunder.

"Initial Issuing Bank" has the meaning specified in the recital of parties to this Agreement.

"Initial Lenders" has the meaning specified in the recital of parties to this Agreement.

"Interest Expense" means interest expense net of interest income, whether paid or accrued, (including the interest component of Capitalized Lease obligations) on all Funded Debt.

"Interest Period" means, for each Eurodollar Rate Advance comprising part of the same Borrowing, the period commencing on the date of such Eurodollar Rate Advance or the date of the Conversion of any Base Rate Advance into such Eurodollar Rate Advance, and ending on the last day of the period selected by the applicable Borrower pursuant to the provisions below and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the applicable Borrower pursuant to the provisions below. The duration of each such Interest Period shall be one, two, three or six months, as the applicable Borrower may, upon notice received by the Administrative Agent not later than 11:00 A.M. (Dallas, Texas time) on the third Business Day prior to the first day of such Interest Period, select; provided, however, that:

(a) the Borrowers may not select any Interest Period that ends after the Termination Date;

(b) Interest Periods commencing on the same date for Eurodollar Rate Advances comprising part of the same Borrowing shall be of the same duration;

(c) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided, however, that, if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day; and

(d) whenever the first day of any Interest Period occurs on a day of an initial calendar month for which there is no numerically corresponding day in the calendar month that succeeds such initial calendar month by the number of months equal to the number of months in such Interest Period, such Interest Period shall end on the last Business Day of such succeeding calendar month.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"Investment" in any Person means any loan or advance to such Person, any purchase or other acquisition of any capital stock or other ownership or profit interest, warrants, rights, options, obligations or other securities of such Person, any capital contribution to such Person or any other investment in such Person.

"Issuing Bank" means the Initial Issuing Bank and each Eligible Assignee to which the Letter of Credit Commitment hereunder has been assigned pursuant to Section 9.07.

"L/C Cash Collateral Account" has the meaning specified in the Security Agreement.

"L/C Related Documents" has the meaning specified in Section 2.04(f)(ii).

"Lender Party" means any Lender, the Issuing Bank or the Swing Line Bank.

"Lenders" means the Initial Lenders, each Assuming Lender that shall become a party hereto pursuant to Section 2.16 and each Person that shall become a Lender hereunder pursuant to Section 9.07.

"Letter of Credit" has the meaning specified in Section 2.01(f).

"Letter of Credit Advance" means an advance made by the Issuing Bank or any Lender pursuant to Section 2.03(c).

"Letter of Credit Agreement" has the meaning specified in Section 2.03(a).

"Letter of Credit Commitment" means, with respect to the Issuing Bank at any time, the amount set forth opposite the Issuing Bank's name on Schedule I hereto under the caption "Letter of Credit Commitment" or, if the Issuing Bank has entered into one or more Assignments and Acceptances, set forth for the Issuing Bank in the Register maintained by the Administrative Agent pursuant to Section 9.07(d) as the Issuing Bank's "Letter of Credit Commitment", as such amount may be reduced at or prior to such time pursuant to Section 2.05.

"Letter of Credit Facility" means, at any time, an amount equal to the amount of the Issuing Bank's Letter of Credit Commitment at such time, as such amount may be reduced at or prior to such time pursuant to Section 2.05.

"Leverage Ratio" means, as of any date of determination, the ratio of Consolidated Funded Debt as of such date of determination to Consolidated EBITDA for the four fiscal quarters ending on or immediately prior to such date of determination, in each case, of Limited and its Subsidiaries.

"Lien" means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement, including, without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property.

"Limited" means Amdocs Limited, a Guernsey corporation.

"Loan Documents" means (a) for purposes of this Agreement and the Notes and any amendment or modification hereof or thereof and for all other purposes other than for purposes of the Guaranty and

the Collateral Documents, (i) this Agreement, (ii) the Notes, (iii) the US Loan Party Guaranty, (iv) the Non-US Loan Party Guaranty, (v) the Collateral Documents and (vi) each Letter of Credit Agreement and (b) for purposes of each Guaranty and the Collateral Documents, (i) this Agreement, (ii) the Notes, (iii) the US Loan Party Guaranty, (iv) the Non-US Loan Party Guaranty, (v) the Collateral Documents, (vi) each Letter of Credit Agreement and (vii) each Bank Hedge Agreement, in each case as amended or otherwise modified from time to time.

"Loan Parties" means the Borrowers and the Guarantors.

"Margin Stock" has the meaning specified in Regulation U.

"Material Adverse Change" means any material adverse change in the business, condition (financial or otherwise), operations, performance, properties or prospects of ESM and its Subsidiaries, taken as a whole.

"Material Adverse Effect" means a material adverse effect on (a) the business, condition (financial or otherwise), operations, performance, properties or prospects of ESM and its Subsidiaries, taken as a whole, (b) the rights and remedies of the Administrative Agent or any Lender Party under any Loan Document or Related Document or (c) the ability of any Loan Party to perform its Obligations under any Loan Document or Related Document to which it is or is to be a party.

"Multiemployer Plan" means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which any Loan Party or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"Multiple Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of any Loan Party or any ERISA Affiliate and at least one Person other than the Loan Parties and the ERISA Affiliates or (b) was so maintained and in respect of which any Loan Party or any ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

"NationsBank" has the meaning specified in the recital of parties to this Agreement.

"Net Cash Proceeds" means, with respect to any sale, lease, transfer or other disposition of any asset or the sale or issuance of any Debt or capital stock or other ownership or profit interest, any securities convertible into or exchangeable for capital stock or other ownership or profit interest or any warrants, rights, options or other securities to acquire capital stock or other ownership or profit interest by any Person, or any Extraordinary Receipt received by or paid to or for the account of any Person, the aggregate amount of cash received from time to time (whether as initial consideration or through payment or disposition of deferred consideration) by or on behalf of such Person in connection with such transaction after deducting therefrom only (without duplication) (a) reasonable and customary brokerage commissions, underwriting fees and discounts, legal fees, finder's fees and other similar fees and commissions, (b) the amount of taxes payable in connection with or as a result of such transaction and (c) the amount of any Debt secured by a Lien on such asset that, by the terms of such transaction, is required to be repaid upon such disposition, in each case to the extent, but only to the extent, that the amounts so deducted are properly attributable to such transaction or to the asset that is the subject thereof and are, in the case of clauses (a) and (c), at the time of receipt of such cash, actually paid to a Person that is not an Affiliate of such Person or any Loan Party or any Affiliate of any Loan Party and, in the case of clause (b), on the earlier of the dates on which the tax return covering such taxes is filed or required to be

filed actually paid to a Person that is not an Affiliate of such Person or any Loan Party, provided that if the amount deducted pursuant to clause (b) above is greater than the amount actually so paid, the

amount of such excess shall constitute "Net Cash Proceeds".

"Non-US Loan Party Guaranty" has the meaning specified in Section 3.01(d) (ix).

"Note" means a promissory note of a Borrower payable to the order of any Lender, in substantially the form of Exhibit A hereto, evidencing the indebtedness of such Borrower to such Lender resulting from the Revolving Credit Advances made by such Lender.

"Note Purchase Agreement" means the Note Purchase Agreement dated as of September 22, 1997, as amended by a First Amendment substantially in the form of the draft dated December 5, 1997, among ESM, CPIII, as agent, and the purchasers of the Subordinated Notes, pursuant to which the Subordinated Notes are issued.

"Notice of Borrowing" has the meaning specified in Section 2.02(a).

"Notice of Issuance" has the meaning specified in Section 2.03(a).

"Notice of Renewal" has the meaning specified in Section 2.01(f).

"Notice of Swing Line Borrowing" has the meaning specified in Section 2.02(b).

"Notice of Termination" has the meaning specified in Section 2.01(f).

"Obligation" means, with respect to any Person, any payment, performance or other obligation of such Person of any kind, including, without limitation, any liability of such Person on any claim, whether or not the right of any creditor to payment in respect of such claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, disputed, undisputed, legal, equitable, secured or unsecured, and whether or not such claim is discharged, stayed or otherwise affected by any proceeding referred to in Section 6.01(f). Without limiting the generality of the foregoing, the Obligations of the Loan Parties under the Loan Documents for purposes of the Collateral Documents include (a) the obligation to pay principal, interest, Letter of Credit commissions, charges, expenses, fees, attorneys' fees and disbursements, indemnities and other amounts payable by any Loan Party under any Loan Document and (b) the obligation of any Loan Party to reimburse any amount in respect of any of the foregoing that any Lender Party, in its sole discretion, may elect to pay or advance on behalf of such Loan Party.

"Open Year" has the meaning specified in Section 4.01(s).

"Other Taxes" has the meaning specified in Section 2.12(b).

"Permitted Liens" means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced: (a) Liens for taxes, assessments and governmental charges or levies not yet due and payable; (b) Liens imposed by law, such as materialmen's, mechanics', carriers', workmen's and repairmen's Liens and other similar Liens arising in the ordinary course of business securing obligations that are not overdue for a period of more than 30 days; (c) pledges or deposits to secure obligations under workers' compensation laws or similar legislation or to secure public or statutory obligations; and (d) easements, rights of way and other encumbrances on title to real property that do not render title to the property encumbered thereby unmarketable or materially adversely affect the use of such property for its present purposes.

"Person" means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"Preferred Stock" means, with respect to any corporation, capital stock issued by such corporation that is entitled to a preference or priority over any other capital stock issued by such corporation upon any distribution of such corporation's assets, whether by dividend or upon liquidation.

"Pro Rata Share" of any amount means, with respect to any Lender at any time, the product of such amount times a fraction the numerator of which is the amount of such Lender's Revolving Credit Commitment at such time and the denominator of which is the Revolving Credit Facility at such time.

"Redeemable" means, with respect to any capital stock or other ownership or profit interest, Debt or other right or Obligation, any such right or Obligation that (a) the issuer has undertaken to redeem at a fixed or determinable date or dates, whether by operation of a sinking fund or otherwise, or upon the occurrence of a condition not solely within the control of the issuer or (b) is redeemable at the option of the holder.

"Register" has the meaning specified in Section 9.07(d).

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Related Documents" means the Subordinated Debt Documents.

"Required Lenders" means at any time Lenders owed or holding at least a majority in interest of the sum of (a) the aggregate principal amount of the Advances outstanding at such time, (b) the aggregate Available Amount of all Letters of Credit outstanding at such time and (c) the aggregate Unused Revolving Credit Commitments at such time; provided, however, that if any Lender shall be a Defaulting Lender at such time, there shall be excluded from the determination of Required Lenders at such time (A) the aggregate principal amount of the Advances owing to such Lender (in its capacity as a Lender) and outstanding at such time, (B) such Lender's Pro Rata Share of the aggregate Available Amount of all Letters of Credit issued by such Lender and outstanding at such time and (C) the Unused Revolving Credit Commitment of such Lender at such time. For purposes of this definition, the aggregate principal amount of Swing Line Advances owing to the Swing Line Bank and of Letter of Credit Advances owing to the Issuing Bank and the Available Amount of each Letter of Credit shall be considered to be owed to the Lenders ratably in accordance with their respective Revolving Credit Commitments.

"Reserve Requirement" means, at any time, the maximum rate at which reserves (including, without limitation, any marginal, special, supplemental, or emergency reserves) are required to be maintained under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) by member banks of the Federal Reserve System against "Eurocurrency liabilities" (as such term is used in Regulation D). Without limiting the effect of the foregoing, the Reserve Requirement shall reflect any other reserves required to be maintained by such member banks with respect to (a) any category of liabilities which includes deposits by reference to which the Eurodollar Rate is to be determined, or (b) any category of extensions of credit or other assets which include Eurodollar Rate Advances.

"Responsible Officer" of any Person means the chairman, vice chairman, president, chief executive officer, chief financial officer, controller or senior vice president of such Person.

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"Revolving Credit Advance" means has the meaning specified in Section 2.01(a).

"Revolving Credit Borrowing" means a borrowing consisting of simultaneous Revolving Credit Advances of the same Type.

"Revolving Credit Commitment" means, with respect to any Lender at any time, the amount set forth opposite such Lender's name on Schedule I hereto under the caption "Revolving Credit Commitment" or,

if such Lender has entered into one or more Assignments and Acceptances, set forth for such Lender in the Register maintained by the Administrative Agent pursuant to Section 9.07(d) as such Lender's "Revolving Credit Commitment", as such amount may be reduced at or prior to such time pursuant to Section 2.05.

"Revolving Credit Facility" means, at any time, the aggregate amount of the Lenders' Revolving Credit Commitments at such time.

"Scheduled Principal Payments" means for determination on the last day of any fiscal quarter, scheduled principal payments of all Funded Debt actually paid during the four fiscal quarters most recently ended.

"Secured Parties" means the Administrative Agent, the Lender Parties and the Hedge Banks.

"Security Agreement" has the meaning specified in Section 3.01(d)(v).

"Significant Subsidiary" means each Subsidiary of any Borrower to which as of the end of any fiscal year of such Borrower is attributed more than five percent of the Consolidated revenues or more than five percent of the Consolidated cash flow, in each case of Limited and its Subsidiaries taken as a whole, determined by reference to the most recent annual audited financial statements delivered to the Lenders pursuant to Section 5.03(c) or, in the case of any Subsidiary of any Borrower that is acquired or merged with or into any other Subsidiary of any Borrower, determined by reference to the pro forma financial statements of Limited and its Subsidiaries prepared in accordance with GAAP as of the most recent fiscal year end of Limited, giving effect to such acquisition or merger as if such transaction had been consummated as of the last day of such fiscal year.

"Solvent" and "Solvency" mean, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the present probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature and (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital under any applicable law. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Standby Letter of Credit" means any Letter of Credit issued under the Letter of Credit Facility, other than a Trade Letter of Credit.

"Sublimit" means, for each Borrower, the amount set opposite the name of such Borrower below, as such amounts may be reduced pursuant to Section 2.05:

=====	
ESM	\$ 70,000,000
=====	
Amdocs U.K.	\$ 50,000,000
=====	
Amdocs Inc.	\$100,000,000
=====	
Amdocs USA	\$ 60,000,000

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CADET

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\$ 20,000,000

"Subordinated Debt" means the Subordinated Notes and any other Debt of ESM that is subordinated to the Obligations of ESM under the Loan Documents on, and that otherwise contains, terms and conditions satisfactory to the Required Lenders.

"Subordinated Debt Documents" means the Note Purchase Agreement and all other agreements, indentures and instruments pursuant to which Subordinated Debt is issued or Liens securing the Subordinated Debt are created.

"Subordinated Notes" means the subordinated notes of ESM in an aggregate principal amount of \$123,500,000 issued pursuant to the Note Purchase Agreement.

"Subsidiary" of any Person means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (b) the interest in the capital or profits of such partnership, joint venture or limited liability company or (c) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries.

"Surviving Debt" has the meaning specified in Section 4.01(z).

"Swing Line Advance" means an advance made by (a) the Swing Line Bank pursuant to Section 2.01(d) or (b) any Lender pursuant to Section 2.02(b).

"Swing Line Bank" means NationsBank.

"Swing Line Borrowing" means a borrowing consisting of a Swing Line Advance made by the Swing Line Bank.

"Swing Line Facility" has the meaning specified in Section 2.01(d).

"Tax Certificate" has the meaning specified in Section 5.03(n).

"Taxes" has the meaning specified in Section 2.12(a).

"Termination Date" means the earlier of June 30, 2001 and the date of termination in whole of the Letter of Credit Commitments and the Revolving Credit Commitment pursuant to Section 2.05 or 6.01.

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"Trade Letter of Credit" means any Letter of Credit that is issued under the Letter of Credit Facility for the benefit of a supplier of Inventory to a Borrower or any of its Subsidiaries to effect payment for such Inventory.

"Type" refers to the distinction between Advances bearing interest at the Base Rate and Advances bearing interest at the Eurodollar Rate.

"Unused Revolving Credit Commitment" means, with respect to any Lender at any time, (a) such Lender's Revolving Credit Commitment at such time minus (b) the sum of (i) the aggregate principal amount of all Revolving Credit Advances, Swing Line Advances and Letter of Credit Advances made by such Lender (in its capacity as a Lender) and outstanding at such time, plus (ii) such Lender's Pro Rata Share of (A) the aggregate Available Amount of all Letters of Credit outstanding at such time, (B) the aggregate principal amount of all Letter of Credit

Advances made by the Issuing Bank pursuant to Section 2.03(c) and outstanding at such time and (C) the aggregate principal amount of all Swing Line Advances made by the Swing Line Bank pursuant to Section 2.01(e) and outstanding at such time.

"US Loan Party Guaranty" has the meaning specified in Section 3.01(g) (vii).

"Voting Stock" means capital stock issued by a corporation, or equivalent interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

SECTION 1.02. Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

SECTION 1.03. Accounting Principles. Under the Loan Documents, unless otherwise stated, (a) GAAP determines all accounting and financial terms and compliance with financial covenants, (b) GAAP in effect on the date of this Agreement determines compliance with financial covenants, (c) otherwise, all accounting principles applied in a current period must be comparable in all material respects to those applied during the preceding comparable period and (d) all accounting and financial terms and compliance with financial covenants must be determined based on the Consolidated financial position and results of operations of Limited and its Subsidiaries as applicable.. If there is a change in GAAP after the date hereof, each compliance certificate shall include calculations setting forth the adjustments from the relevant financial items as shown in the most recently delivered financial statements, based on the then-current GAAP, to the corresponding financial items based on GAAP as used in the most recently delivered financial statements delivered to the Administrative Agent and Lender Parties on or prior to the date hereof, so as to demonstrate how such financial covenant compliance was derived from the most recently delivered financial statements.

ARTICLE II

AMOUNTS AND TERMS OF THE ADVANCES AND THE LETTERS OF CREDIT

SECTION 2.01. The Advances. (a) The Revolving Credit Advances. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make advances (each a "Revolving Credit Advance") to any Borrower from time to time on any Business Day during the period from the date hereof until the Termination Date in an amount for each such Advance not to exceed such Lender's Unused Revolving Credit Commitment at

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such time and in an aggregate amount for each Borrower not to exceed such Borrower's Sublimit. Each Revolving Credit Borrowing shall be in an aggregate amount of \$3,000,000 or an integral multiple of \$1,000,000 in excess thereof and shall consist of Revolving Credit Advances made simultaneously by the Lenders ratably according to their Revolving Credit Commitments. Within the limits of each Lender's Unused Revolving Credit Commitment in effect from time to time, any Borrower may borrow under this Section 2.01(a), prepay pursuant to Section 2.06(a) and reborrow under this Section 2.01(a).

(b) The Swing Line Advances. Any Borrower may request the Swing Line Bank to make, and the Swing Line Bank may, if in its sole discretion it elects to do so, make, on the terms and conditions hereinafter set forth, Swing Line Advances to such Borrower from time to time on any Business Day during the period from the date hereof until the Termination Date (i) in an aggregate amount not to exceed at any time outstanding \$10,000,000 (the "Swing Line Facility") and (ii) in an amount for each such Swing Line Borrowing not to exceed the aggregate of the Unused Revolving Credit Commitments of the Lenders at such time. No Swing Line Advance shall be used for the purpose of funding the payment of principal of any other Swing Line Advance. Each Swing Line Borrowing shall be in an amount of \$500,000 or an integral multiple of \$100,000 in excess thereof and shall bear interest as set forth in Section 2.07(b) (iii). Within the

limits of the Swing Line Facility and within the limits referred to in clause (ii) above, so long as the Swing Line Bank, in its sole discretion, elects to make Swing Line Advances, the Borrowers may borrow under this Section 2.01(b), repay pursuant to Section 2.04(e) or prepay pursuant to Section 2.06(a) and reborrow under this Section 2.01(b).

(c) Letters of Credit. The Issuing Bank agrees, on the terms and conditions hereinafter set forth, to issue letters of credit (the "Letters of Credit") for the account of any Borrower from time to time on any Business Day during the period from the date hereof until 60 days before the Termination Date (i) in an aggregate Available Amount for all Letters of Credit not to exceed at any time the Issuing Bank's Letter of Credit Commitment at such time and (ii) in an Available Amount for each such Letter of Credit not to exceed the Unused Revolving Credit Commitments of the Lenders at such time. No Letter of Credit shall have an expiration date (including all rights of the applicable Borrower or the beneficiary to require renewal) later than the earlier of 60 days before the Termination Date and (A) in the case of a Standby Letter of Credit, one year after the date of issuance thereof, but may by its terms be renewable annually upon notice (a "Notice of Renewal") given to the Issuing Bank and the Administrative Agent on or prior to any date for notice of renewal set forth in such Letter of Credit but in any event at least three Business Days prior to the date of the proposed renewal of such Standby Letter of Credit and upon fulfillment of the applicable conditions set forth in Article III unless the Issuing Bank has notified the applicable Borrower (with a copy to the Administrative Agent) on or prior to the date for notice of termination set forth in such Letter of Credit but in any event at least 30 Business Days prior to the date of automatic renewal of its election not to renew such Standby Letter of Credit (a "Notice of Termination") and (B) in the case of a Trade Letter of Credit, 60 days after the date of issuance thereof; provided that the terms of each Standby Letter of Credit that is automatically renewable annually shall (x) require the Issuing Bank to give the beneficiary named in such Standby Letter of Credit notice of any Notice of Termination, (y) permit such beneficiary, upon receipt of such notice, to draw under such Standby Letter of Credit prior to the date such Standby Letter of Credit otherwise would have been automatically renewed and (z) not permit the expiration date (after giving effect to any renewal) of such Standby Letter of Credit in any event to be extended to a date later than 60 days before the Termination Date. If either a Notice of Renewal is not given by the applicable Borrower or a Notice of Termination is given by the Issuing Bank pursuant to the immediately preceding sentence, such Standby Letter of Credit shall expire on the date on which it otherwise would have been automatically renewed; provided, however, that even in the absence of receipt of a Notice of Renewal the Issuing Bank may in its discretion, unless instructed to the contrary by the Administrative Agent or the applicable Borrower, deem that a Notice of Renewal had been timely delivered and in such case, a Notice of Renewal shall be deemed to have been so delivered for all purposes under this Agreement. Within the limits of the Letter of Credit Facility, and subject to the limits referred to above, the Borrowers may request the issuance of Letters of Credit under this Section 2.01(c), repay any Letter of

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Credit Advances resulting from drawings thereunder pursuant to Section 2.03(c) and request the issuance of additional Letters of Credit under this Section 2.01(c).

SECTION 2.02. Making the Advances. (a) Except as otherwise provided in Section 2.02(b) or 2.03, each Borrowing shall be made on notice, given not later than 11:00 A.M. (Dallas, Texas time) on the third Business Day prior to the date of the proposed Borrowing in the case of a Borrowing consisting of Eurodollar Rate Advances, or the first Business Day prior to the date of the proposed Borrowing in the case of a Borrowing consisting of Base Rate Advances, by any Borrower to the Administrative Agent, which shall give to each Appropriate Lender prompt notice thereof by telex or telecopier. Each such notice of a Borrowing (a "Notice of Borrowing") shall be by telephone, confirmed immediately in writing, or telex or telecopier, in substantially the form of Exhibit B hereto, specifying therein the requested (i) date of such Borrowing, (ii) Facility under which such Borrowing is to be made, (iii) Type of Advances comprising such Borrowing, (iv) aggregate amount of such Borrowing and (v) in the case of a Borrowing consisting of Eurodollar Rate Advances, initial Interest Period for each such Advance. Each Appropriate Lender shall, before 11:00 A.M. (Dallas, Texas time) on the date of such Borrowing, make available for the account of its Applicable Lending Office to the Administrative Agent at the Administrative Agent's Account, in same day funds, such Lender's ratable portion

of such Borrowing in accordance with the respective Commitments under the applicable Facility of such Lender and the other Appropriate Lenders. After the Administrative Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Administrative Agent will make such funds available to the Borrower requesting such Borrowing by crediting the Borrower's Account of such Borrower; provided, however, that, in the case of any Revolving Credit Borrowing, the Administrative Agent shall first make a portion of such funds equal to the aggregate principal amount of any Swing Line Advances and Letter of Credit Advances made by the Swing Line Bank or the Issuing Bank, as the case may be, and by any other Lender and outstanding on the date of such Revolving Credit Borrowing, plus interest accrued and unpaid thereon to and as of such date, available to the Swing Line Bank or the Issuing Bank, as the case may be, and such other Lenders for repayment of such Swing Line Advances and Letter of Credit Advances.

(b) Each Swing Line Borrowing shall be made on notice, given not later than 11:00 A.M. (Dallas, Texas time) on the date of the proposed Swing Line Borrowing, by any Borrower to the Swing Line Bank and the Administrative Agent. Each such notice of a Swing Line Borrowing (a "Notice of Swing Line Borrowing") shall be by telephone, confirmed immediately in writing, or telex or telecopier, specifying therein the requested (i) date of such Borrowing, (ii) amount of such Borrowing and (iii) maturity of such Borrowing (which maturity shall be no later than the seventh Business Day after the requested date of such Borrowing). If, in its sole discretion, it elects to make the requested Swing Line Advance, the Swing Line Bank will make the amount thereof available to the Administrative Agent at the Administrative Agent's Account, in same day funds. After the Administrative Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Administrative Agent will make such funds available to the Borrower requesting such Swing Line Borrowing by crediting the Borrower's Account. Upon written demand by the Swing Line Bank, with a copy of such demand to the Administrative Agent, each other Lender shall purchase from the Swing Line Bank, and the Swing Line Bank shall sell and assign to each such other Lender, such other Lender's Pro Rata Share of such outstanding Swing Line Advance as of the date of such demand, by making available for the account of its Applicable Lending Office to the Administrative Agent for the account of the Swing Line Bank, by deposit to the Administrative Agent's Account, in same day funds, an amount equal to the portion of the outstanding principal amount of such Swing Line Advance to be purchased by such Lender. Each Borrower hereby agrees to each such sale and assignment. Each Lender agrees to purchase its Pro Rata Share of an outstanding Swing Line Advance on (i) the Business Day on which demand therefor is made by the Swing Line Bank, provided that notice of such demand is given not later than 11:00 A.M. (Dallas, Texas time) on such Business Day or (ii) the first Business Day next succeeding such demand if notice of such demand is given after such time. Upon any such assignment by the Swing Line Bank to any other Lender of a portion of a Swing Line Advance, the Swing Line Bank represents and warrants to such other Lender that the Swing Line Bank is the legal and beneficial owner of such interest being

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assigned by it, but makes no other representation or warranty and assumes no responsibility with respect to such Swing Line Advance, the Loan Documents or any Loan Party. If and to the extent that any Lender shall not have so made the amount of such Swing Line Advance available to the Administrative Agent, such Lender agrees to pay to the Administrative Agent forthwith on demand such amount together with interest thereon, for each day from the date of demand by the Swing Line Bank until the date such amount is paid to the Administrative Agent, at the Federal Funds Rate. If such Lender shall pay to the Administrative Agent such amount for the account of the Swing Line Bank on any Business Day, such amount so paid in respect of principal shall constitute a Swing Line Advance made by such Lender on such Business Day for purposes of this Agreement, and the outstanding principal amount of the Swing Line Advance made by the Swing Line Bank shall be reduced by such amount on such Business Day.

(c) Anything in subsection (a) above to the contrary notwithstanding, (i) no Borrower may select Eurodollar Rate Advances for the initial Borrowing hereunder or for any Borrowing if the aggregate amount of such Borrowing is less than \$3,000,000 or if the obligation of the Appropriate Lenders to make Eurodollar Rate Advances shall then be suspended pursuant to Section 2.09 or Section 2.10 and (ii) the Revolving Credit Advances made on any date may not be outstanding as part of more than seven separate Borrowings.

(d) Each Notice of Borrowing and Notice of Swing Line

Borrowing shall be irrevocable and binding on the Borrower that delivers such notice. In the case of any Borrowing that the related Notice of Borrowing specifies is to be comprised of Eurodollar Rate Advances, the Borrower delivering such notice shall indemnify each Appropriate Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such Notice of Borrowing for such Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Advance to be made by such Lender as part of such Borrowing when such Advance, as a result of such failure, is not made on such date.

(e) Unless the Administrative Agent shall have received notice from an Appropriate Lender prior to the date of any Borrowing under a Facility under which such Lender has a Commitment that such Lender will not make available to the Administrative Agent such Lender's ratable portion of such Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such Borrowing in accordance with subsection (a) or (b) of this Section 2.02 and the Administrative Agent may, in reliance upon such assumption, make available to the applicable Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Administrative Agent, such Lender and the applicable Borrower severally agree to repay or pay to the Administrative Agent forthwith on demand such corresponding amount and to pay interest thereon, for each day from the date such amount is made available to such Borrower until the date such amount is repaid or paid to the Administrative Agent, at (i) in the case of such Borrower, the interest rate applicable at such time under Section 2.07 to Advances comprising such Borrowing and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall pay to the Administrative Agent such corresponding amount, such amount so paid shall constitute such Lender's Advance as part of such Borrowing for all purposes.

(f) The failure of any Lender to make the Advance to be made by it as part of any Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Advance on the date of such Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Advance to be made by such other Lender on the date of any Borrowing.

SECTION 2.03. Issuance of and Drawings and Reimbursement Under Letters of Credit. (a) Request for Issuance. Each Letter of Credit shall be issued upon notice, given not later than 11:00 A.M. (Dallas, Texas time) on the tenth Business Day prior to the date of the proposed issuance of such Letter of Credit,

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by any Borrower to the Issuing Bank, which shall give to the Administrative Agent and each Lender prompt notice thereof by telex or telecopier. Each such notice of issuance of a Letter of Credit (a "Notice of Issuance") shall be by telephone, confirmed immediately in writing, or telex or telecopier, specifying therein the requested (i) date of such issuance (which shall be a Business Day), (ii) Available Amount of such Letter of Credit, (iii) expiration date of such Letter of Credit, (iv) name and address of the beneficiary of such Letter of Credit and (v) form of such Letter of Credit, and shall be accompanied by such application and agreement for letter of credit as the Issuing Bank may specify to the Borrower for use in connection with such requested Letter of Credit (a "Letter of Credit Agreement"). If (x) the requested form of such Letter of Credit is acceptable to the Issuing Bank in its sole discretion and (y) it has not received notice of objection to such issuance from Lenders holding at least a majority of the Revolving Credit Commitments, the Issuing Bank will, upon fulfillment of the applicable conditions set forth in Article III, make such Letter of Credit available to the Borrower requesting such Letter of Credit at its office referred to in Section 9.02 or as otherwise agreed with such Borrower in connection with such issuance. In the event and to the extent that the provisions of any Letter of Credit Agreement shall conflict with this Agreement, the provisions of this Agreement shall govern.

(b) Letter of Credit Reports. The Issuing Bank shall furnish (i) to the Administrative Agent on the first Business Day of each week a written report summarizing issuance and expiration dates of Letters of Credit issued during the previous week and drawings during such week under all Letters of Credit, (ii) to each Lender on the first Business Day of each month a written report summarizing issuance and expiration dates of Letters of Credit issued

during the preceding month and drawings during such month under all Letters of Credit and (iii) to the Administrative Agent and each Lender on the first Business Day of each calendar quarter a written report setting forth the average daily aggregate Available Amount during the preceding calendar quarter of all Letters of Credit.

(c) Drawing and Reimbursement. The payment by the Issuing Bank of a draft drawn under any Letter of Credit shall constitute for all purposes of this Agreement the making by the Issuing Bank of a Letter of Credit Advance, which shall be a Base Rate Advance, in the amount of such draft. Upon written demand by the Issuing Bank, with a copy of such demand to the Administrative Agent, each Lender shall purchase from the Issuing Bank, and the Issuing Bank shall sell and assign to each such Lender, such Lender's Pro Rata Share of such outstanding Letter of Credit Advance as of the date of such purchase, by making available for the account of its Applicable Lending Office to the Administrative Agent for the account of the Issuing Bank, by deposit to the Administrative Agent's Account, in same day funds, an amount equal to the portion of the outstanding principal amount of such Letter of Credit Advance to be purchased by such Lender. Promptly after receipt thereof, the Administrative Agent shall transfer such funds to the Issuing Bank. Each Borrower hereby agrees to each such sale and assignment. Each Lender agrees to purchase its Pro Rata Share of an outstanding Letter of Credit Advance on (i) the Business Day on which demand therefor is made by the Issuing Bank, provided notice of such demand is given not later than 11:00 A.M. (Dallas, Texas time) on such Business Day or (ii) the first Business Day next succeeding such demand if notice of such demand is given after such time. Upon any such assignment by the Issuing Bank to any other Lender of a portion of a Letter of Credit Advance, the Issuing Bank represents and warrants to such other Lender that the Issuing Bank is the legal and beneficial owner of such interest being assigned by it, free and clear of any liens, but makes no other representation or warranty and assumes no responsibility with respect to such Letter of Credit Advance, the Loan Documents or any Loan Party. If and to the extent that any Lender shall not have so made the amount of such Letter of Credit Advance available to the Administrative Agent, such Lender agrees to pay to the Administrative Agent forthwith on demand such amount together with interest thereon, for each day from the date of demand by the Issuing Bank until the date such amount is paid to the Administrative Agent, at the Federal Funds Rate for its account or the account of the Issuing Bank, as applicable. If such Lender shall pay to the Administrative Agent such amount for the account of the Issuing Bank on any Business Day, such amount so paid in respect of principal shall constitute a Letter of Credit Advance made by such Lender on such Business Day for purposes of this Agreement, and the outstanding principal

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amount of the Letter of Credit Advance made by the Issuing Bank shall be reduced by such amount on such Business Day.

(d) Failure to Make Letter of Credit Advances. The failure of any Lender to make the Letter of Credit Advance to be made by it on the date specified in Section 2.03(c) shall not relieve any other Lender of its obligation hereunder to make its Letter of Credit Advance on such date, but no Lender shall be responsible for the failure of any other Lender to make the Letter of Credit Advance to be made by such other Lender on such date.

SECTION 2.04. Repayment of Advances. (a) Revolving Credit Advances. Each Borrower shall repay to the Administrative Agent for the ratable account of the Lenders on the Termination Date the aggregate outstanding principal amount of the Revolving Credit Advances made to such Borrower then outstanding.

(b) Swing Line Advances. Each Borrower that requests a Swing Line Borrowing shall repay to the Administrative Agent for the account of the Swing Line Bank and each other Lender that has made a Swing Line Advance to such Borrower the outstanding principal amount of each Swing Line Advance made by each of them on the earlier of the maturity date specified in the applicable Notice of Swing Line Borrowing (which maturity shall be no later than the seventh Business Day after the requested date of such Borrowing) and the Termination Date.

(c) Letter of Credit Advances. (i) Each Borrower that requests the issuance of a Letter of Credit shall repay to the Administrative Agent for the account of the Issuing Bank and each other Lender that has made a Letter of Credit Advance to such Borrower on the earlier of demand and the Termination

Date the outstanding principal amount of each Letter of Credit Advance made by each of them.

(ii) The Obligations of the Borrowers under this Agreement, any Letter of Credit Agreement and any other agreement or instrument relating to any Letter of Credit shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement, such Letter of Credit Agreement and such other agreement or instrument under all circumstances, including, without limitation, the following circumstances (it being understood that any such payment by any Borrower is without prejudice to, and does not constitute a waiver of, any rights such Borrower might have or might acquire as a result of the payment by the Issuing Bank of any draft or the reimbursement by such Borrower thereof):

(A) any lack of validity or enforceability of any Loan Document, any Letter of Credit Agreement, any Letter of Credit or any other agreement or instrument relating thereto (all of the foregoing being, collectively, the "L/C Related Documents");

(B) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations of the applicable Borrower in respect of any L/C Related Document or any other amendment or waiver of or any consent to departure from all or any of the L/C Related Documents;

(C) the existence of any claim, set-off, defense or other right that the applicable Borrower may have at any time against any beneficiary or any transferee of a Letter of Credit (or any Persons for whom any such beneficiary or any such transferee may be acting), the Issuing Bank or any other Person, whether in connection with the transactions contemplated by the L/C Related Documents or any unrelated transaction;

(D) any statement or any other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

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(E) payment by the Issuing Bank under a Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit;

(F) any exchange, release or non-perfection of any Collateral or other collateral, or any release or amendment or waiver of or consent to departure from the Guaranty or any other guarantee, for all or any of the Obligations of the applicable Borrower in respect of the L/C Related Documents; or

(G) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including, without limitation, any other circumstance that might otherwise constitute a defense available to, or a discharge of, the applicable Borrower or a guarantor.

SECTION 2.05. Termination or Reduction of the Commitments. (a) Optional. ESM may, on its own behalf and on behalf of the other Borrowers, upon at least five Business Days' notice to the Administrative Agent, terminate in whole or reduce in part the unused portions of the Letter of Credit Facility and the Unused Revolving Credit Commitments; provided, however, that each partial reduction of a Facility (i) shall be in an aggregate amount of \$1,000,000 or an integral multiple of \$500,000 in excess thereof and (ii) shall be made ratably among the Appropriate Lenders in accordance with their Commitments with respect to such Facility.

(b) Mandatory. (i) The Revolving Credit Facility shall be automatically and permanently reduced (A) on the date that is 180 days after the date of receipt by any Borrower, any of its Subsidiaries, Limited or Amdocs (Israel), as the case may be, of the Net Cash Proceeds from the sale, lease, transfer or other disposition of any assets of any Borrower, any of its Subsidiaries or Amdocs (Israel) (other than any sale, lease, transfer or other disposition of assets to Amdocs (Israel), a Borrower or any of their Subsidiaries or pursuant to clause (i) or (ii) of Section 5.02(e)), to the extent that the amount of such Net Cash Proceeds has not been reinvested in the

business of such Borrower, such Subsidiary, Limited or Amdocs (Israel), as the case may be, prior to such 180th day and such Net Cash Proceeds exceed \$15,000,000 from the date hereof and (B) on the date and in the amount of each mandatory prepayment required under Section 2.06(b)(i)(B).

(ii) The Letter of Credit Facility shall be automatically and permanently reduced from time to time on the date of each reduction in the Revolving Credit Facility by the amount, if any, by which the amount of the Letter of Credit Facility exceeds the Revolving Credit Facility after giving effect to such reduction of the Revolving Credit Facility.

SECTION 2.06. Prepayments. (a) Optional. Each Borrower may, upon at least one Business Day's notice in the case of Base Rate Advances and three Business Days' notice in the case of Eurodollar Rate Advances, in each case to the Administrative Agent (received not later than 11:00 A.M. (Dallas, Texas time)) stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given such Borrower shall, prepay the outstanding aggregate principal amount of the Advances comprising part of the same Borrowing in whole or ratably in part, together, in the case of Eurodollar Rate Advances, with accrued interest to the date of such prepayment on the aggregate principal amount prepaid; provided, however, that (x) each partial prepayment (other than prepayments of Swing Line Advances) shall be in an aggregate principal amount of \$1,000,000 or an integral multiple of \$1,000,000 in excess thereof and (y) if any prepayment of a Eurodollar Rate Advance is made on a date other than the last day of an Interest Period for such Advance such Borrower shall also pay any amounts owing pursuant to Section 9.04(c).

(b) Mandatory. (i) ESM shall (A) on the date that is 180 days after the date of receipt by any Borrower, any of its Subsidiaries, Limited or Amdocs (Israel), as the case may be, of the Net Cash Proceeds from the sale, lease, transfer or other disposition of any assets of any Borrower, any of its Subsidiaries or Amdocs (Israel) (other than any sale, lease, transfer or other disposition of assets to Amdocs (Israel), a Borrower or any of their Subsidiaries or pursuant to clause (i) or (ii) of Section 5.02(e)), prepay an aggregate principal amount of the

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Advances comprising part of the same Borrowings equal to the amount of such Net Cash Proceeds that has not been reinvested in the business of such Borrower, such Subsidiary, Limited or Amdocs (Israel), as the case may be, prior to such 180th day to the extent that such Net Cash Proceeds exceed \$5,000,000 in any Fiscal Year and (B) within three Business Days following the date of receipt by any Borrower, any of its Subsidiaries, Limited or Amdocs (Israel), as the case may be, of the Net Cash Proceeds from the incurrence or issuance by any Borrower, any of its Subsidiaries, Limited or Amdocs (Israel) of any Debt (other than Debt incurred or issued to Amdocs (Israel), a Borrower or any of their Subsidiaries or pursuant to Section 5.02(b)), prepay an aggregate principal amount of the Advances comprising part of the same Borrowings equal to the amount of such Net Cash Proceeds.

(ii) The Borrowers shall, on each Business Day, prepay an aggregate principal amount of the Revolving Credit Advances comprising part of the same Borrowings, the Letter of Credit Advances and the Swing Line Advances equal to the amount by which (A) the sum of the aggregate principal amount of (x) the Revolving Credit Advances, (y) the Letter of Credit Advances and (z) the Swing Line Advances then outstanding plus the aggregate Available Amount of all Letters of Credit then outstanding exceeds (B) the Revolving Credit Facility on such Business Day.

(iii) The Borrowers shall, on each Business Day, pay to the Administrative Agent for deposit in the L/C Cash Collateral Account an amount sufficient to cause the aggregate amount on deposit in the L/C Cash Collateral Account to equal the amount by which the aggregate Available Amount of all Letters of Credit then outstanding exceeds the Letter of Credit Facility on such Business Day.

(iv) Each Borrower shall, on each Business Day, prepay an aggregate principal amount of the Revolving Credit Advances comprising part of the same Borrowings made to such Borrower, the Letter of Credit Advances made to such Borrower and the Swing Line Advances made to such Borrower equal to the amount by which (A) the sum of the aggregate principal amount of (x) the Revolving Credit Advances made to such Borrower, (y) the Letter of Credit Advances made to such Borrower and (2) the Swing Line Advances made to such

Borrower then outstanding plus the Available Amount of all Letters of Credit then outstanding at the request of such Borrower exceeds (B) such Borrower's Sublimit on such Business Day.

(v) Prepayments of the Revolving Credit Facility made pursuant to clause (iii) above shall be first, applied to prepay Letter of Credit Advances then outstanding until such Advances are paid in full, second, applied to prepay Swing Line Advances then outstanding until such Advances are paid in full and third, applied to prepay Revolving Credit Advances then outstanding comprising part of the same Borrowings until such Advances are paid in full.

(vi) All prepayments under this subsection (b) shall be made together with accrued interest to the date of such prepayment on the principal amount prepaid.

SECTION 2.07. Interest. (a) Scheduled Interest. Each Borrower shall pay interest on the unpaid principal amount of each Advance owing to each Lender by such Borrower from the date of such Advance until such principal amount shall be paid in full, at the following rates per annum:

(i) Base Rate Advances. During such periods as such Advance is a Base Rate Advance, a rate per annum equal at all times to the sum of (A) the Base Rate in effect from time to time plus (B) the Applicable Margin in effect from time to time, payable in arrears monthly on the last day of each month during such periods and on the date such Base Rate Advance shall be Converted or paid in full.

(ii) Eurodollar Rate Advances. During such periods as such Advance is a Eurodollar Rate Advance, a rate per annum equal at all times during each Interest Period for such Advance to the sum of (A) the Eurodollar Rate for such Interest Period for such Advance plus (B) the Applicable Margin in effect

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from time to time payable in arrears on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on each day that occurs during such Interest Period every three months from the first day of such Interest Period and on the date such Eurodollar Rate Advance shall be Converted or paid in full.

(iii) Swing Line Advances. So long as NationsBank, as the Swing Line Bank, has not sold or assigned to any other Lender any portion of such Swing Line Advance, a rate equal to the Federal Funds Rate plus 0.50% plus the Applicable Margin applicable to the Revolving Credit Facility and, at such time as NationsBank, as the Swing Line Bank, shall have sold or assigned to any other Lender any portion of such Swing Line Advance, such Advance shall bear interest at the Base Rate plus the Applicable Margin applicable to the Revolving Credit Facility.

(b) Default Interest. Upon the occurrence and during the continuance of an Event of Default, each Borrower shall pay interest on (i) the unpaid principal amount of each Advance owing to each Lender by such Borrower, payable in arrears on the dates referred to in clause (a), (b)(i) or (b)(ii) above and on demand, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on such Advance pursuant to clause (a), (b)(i) or (b)(ii) above and (ii) to the fullest extent permitted by law, the amount of any interest, fee or other amount payable hereunder that is not paid when due, from the date such amount shall be due until such amount shall be paid in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid, in the case of interest, on the Type of Advance on which such interest has accrued pursuant to clause (a), (b)(i) or (b)(ii) above, and, in all other cases, on Base Rate Advances pursuant to clause (b)(i) above.

(c) Notice of Interest Rate. Promptly after receipt of a Notice of Borrowing pursuant to Section 2.02(a), the Administrative Agent shall give notice to the Borrowers and each Appropriate Lender of the applicable interest rate determined by the Administrative Agent for purposes of clause (a), (b)(i) or (b)(ii).

SECTION 2.08. Fees. (a) Commitment Fee. The Borrowers shall

pay to the Administrative Agent for the account of the Lenders a commitment fee, from the date hereof in the case of each Initial Lender and from the effective date specified in the Assignment and Acceptance pursuant to which it became a Lender in the case of each other Lender until the Termination Date, payable in arrears on the date of the initial Borrowing hereunder, thereafter quarterly on the last Business Day of each March, June, September and December, commencing September 30, 1998, and on the Termination Date, at the rate per annum equal to the Applicable Percentage on the sum of the average daily Unused Revolving Credit Commitment of such Lender plus its Pro Rata Share of the average daily outstanding Swing Line Advances during such quarter; provided, however, that no commitment fee shall accrue on any of the Commitments of a Defaulting Lender so long as such Lender shall be a Defaulting Lender.

(b) Letter of Credit Fees, Etc. (i) The Borrower requesting the issuance of a Letter of Credit shall pay to the Administrative Agent for the account of each Lender a commission, payable in arrears quarterly on the last Business Day of each March, June, September and December, commencing September 30, 1998, and on the earliest to occur of the full drawing, expiration, termination or cancellation of any such Letter of Credit and on the Termination Date, on such Lender's Pro Rata Share of the average daily aggregate Available Amount during such quarter of all Letters of Credit outstanding from time to time at the rate per annum equal to the Applicable Margin for Eurodollar Rate Advances under the Revolving Credit Facility.

(ii) The Borrower requesting the issuance of a Letter of Credit shall pay to the Issuing Bank for its own account (A) a fronting fee payable in arrears quarterly on the last Business Day of each March, June, September and December, commencing September 30, 1998, and on the Termination Date on the average daily amount of its Letter of Credit Commitment during such quarter, at the rate of 0.25% per annum and (B) such other

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commissions, fronting fees, transfer fees and other fees and charges in connection with the issuance or administration of each Letter of Credit as such Borrower and the Issuing Bank shall agree.

(c) Agents' Fees. ESM shall pay to the Administrative Agent for its own account such fees as may from time to time be agreed between ESM and the Administrative Agent.

SECTION 2.09. Conversion of Advances. (a) Optional. Any Borrower may on any Business Day, upon notice given to the Administrative Agent not later than 11:00 A.M. (Dallas, Texas time) on the third Business Day prior to the date of the proposed Conversion and subject to the provisions of Sections 2.07 and 2.10, Convert all or any portion of the Advances of one Type made to such Borrower comprising the same Borrowing into Advances of the other Type; provided, however, that any Conversion of Eurodollar Rate Advances into Base Rate Advances shall be made only on the last day of an Interest Period for such Eurodollar Rate Advances, any Conversion of Base Rate Advances into Eurodollar Rate Advances shall be in an amount not less than the minimum amount specified in Section 2.02(c), no Conversion of any Advances shall result in more separate Borrowings than permitted under Section 2.02(c) and each Conversion of Advances comprising part of the same Borrowing under any Facility shall be made ratably among the Appropriate Lenders in accordance with their Commitments under such Facility. Each such notice of Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the Advances to be Converted and (iii) if such Conversion is into Eurodollar Rate Advances, the duration of the initial Interest Period for such Advances. Each notice of Conversion shall be irrevocable and binding on the Borrower giving such notice.

(b) Mandatory. (i) On the date on which the aggregate unpaid principal amount of all Eurodollar Rate Advances comprising any Borrowing shall be reduced, by payment or prepayment or otherwise, to less than \$3,000,000, such Advances shall automatically Convert into Base Rate Advances.

(ii) If any Borrower shall fail to select the duration of any Interest Period for any Eurodollar Rate Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01, the Administrative Agent will forthwith so notify such Borrower and the Appropriate Lenders, whereupon each such Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Eurodollar Rate Advance having an Interest Period of one month.

(iii) Upon the occurrence and during the continuance of any Default, (x) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance and (y) the obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended.

SECTION 2.10. Increased Costs, Etc. (a) If after the date hereof, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation after the date hereof or (ii) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law) after the date hereof, there shall be any increase in the cost to any Lender Party of agreeing to make or of making, funding or maintaining Eurodollar Rate Advances made to a Borrower or of agreeing to issue or of issuing or maintaining Letters of Credit or of agreeing to make or of making or maintaining Letter of Credit Advances made to a Borrower (excluding for purposes of this Section 2.10 any such increased costs resulting from (x) Taxes or Other Taxes (as to which Section 2.12 shall govern) and (y) changes in the basis of taxation of overall net income or overall gross income by the United States or by the foreign jurisdiction or state under the laws of which such Lender Party is organized or has its Applicable Lending Office or any political subdivision thereof), then each such Borrower shall from time to time, upon demand by such Lender Party through the Administrative Agent, pay to the Administrative Agent for the account of such Lender Party additional amounts sufficient to compensate such Lender Party for such increased cost; provided, however, that a Lender Party claiming additional amounts under this Section 2.10(a) agrees to use reasonable efforts (consistent with its

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internal policy and legal and regulatory restrictions) to designate a different Applicable Lending Office if the making of such a designation would avoid the need for, or reduce the amount of, such increased cost that may thereafter accrue and would not, in the reasonable judgment of such Lender Party, be otherwise disadvantageous to such Lender Party. A certificate as to the amount of such increased cost (together with a schedule setting forth in reasonable detail the reasons therefor and the calculation thereof), submitted to the Borrowers by such Lender Party as promptly as reasonably practical after the event or circumstances causing such increased cost, shall be conclusive and binding for all purposes, absent manifest error. In determining such amount, such Lender Party may use any reasonable averaging and attribution methods.

(b) If after the date hereof, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation after the date hereof, or (ii) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law) after the date hereof, there shall be any increase in the amount of capital required or expected to be maintained by any Lender Party or corporation controlling such Lender Party as a result of or based upon the existence of such Lender Party's commitment to lend or to issue Letters of Credit hereunder and other commitments of such type or the issuance or maintenance of the Letters of Credit (or similar contingent obligations), then, upon demand by such Lender Party through the Administrative Agent, the Borrowers shall pay to the Administrative Agent for the account of such Lender Party, from time to time as specified by such Lender Party, additional amounts sufficient to compensate such Lender Party in the light of such circumstances, to the extent that such Lender Party reasonably determines such increase in capital to be allocable to the existence of such Lender Party's commitment to lend or to issue Letters of Credit hereunder or to the issuance or maintenance of any Letters of Credit. A certificate as to such amounts (together with a schedule setting forth in reasonable detail the reasons therefor and the calculation thereof) submitted to the Borrowers by such Lender Party as promptly as reasonably practical after the event or circumstances causing such increase in the amount of capital to be maintained shall be conclusive and binding for all purposes, absent manifest error. In determining such amount, such Lender Party may use any reasonable averaging and attribution methods.

(c) If, with respect to any Eurodollar Rate Advances under any Facility, Lenders owed at least a majority of the then aggregate unpaid principal amount thereof notify the Administrative Agent that the Eurodollar Rate for any Interest Period for such Advances will not adequately reflect the cost to such Lenders of making, funding or maintaining their Eurodollar Rate Advances for such Interest Period, the Administrative Agent shall forthwith so notify the Borrowers and the Appropriate Lenders, whereupon (i) each such

Eurodollar Rate Advance under any Facility will automatically, on the last day of the then existing Interest Period therefor, Convert into a Alternate Base Rate Advance and (ii) the obligation of the Appropriate Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended until the Administrative Agent shall notify the Borrowers that such Lenders have determined that the circumstances causing such suspension no longer exist.

(d) Notwithstanding any other provision of this Agreement, if the introduction of or any change in or in the interpretation of any law or regulation after the date hereof shall make it unlawful, or any central bank or other governmental authority shall assert that it is unlawful, for any Lender or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or to continue to fund or maintain Eurodollar Rate Advances hereunder, then, on notice thereof and demand therefor by such Lender to the Borrowers through the Administrative Agent, (i) each Eurodollar Rate Advance under each Facility under which such Lender has a Commitment will automatically, upon such demand, Convert into a Alternate Base Rate Advance until the applicable Lender shall notify the Borrowers as promptly as reasonably practicable after the event or circumstances causing such conversion no longer exist and (ii) the obligation of the Appropriate Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended until the Administrative Agent shall notify the Borrowers as promptly as practicable but in any event within three months after such Lender has determined that the circumstances causing such suspension no longer exist; provided, however, that, before making any such demand, such Lender agrees to use reasonable efforts (consistent with its internal policy and legal

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and regulatory restrictions) to designate a different Eurodollar Lending Office if the making of such a designation would allow such Lender or its Eurodollar Lending Office to continue to perform its obligations to make Eurodollar Rate Advances or to continue to fund or maintain Eurodollar Rate Advances and would not, in the judgment of such Lender, be otherwise disadvantageous to such Lender. If any such event described in this subsection ceases to exist as to any Lender, such Lender shall as promptly as reasonably practical so notify the Administrative Agent and so long as such circumstances no longer apply to any Lender, the obligations of each lender to make, fund or maintain Eurodollar Rate Advances hereunder shall be reinstated.

SECTION 2.11. Payments and Computations. (a) Each Borrower shall make each payment hereunder and under the Notes, irrespective of any right of counterclaim or set-off (except as otherwise provided in Section 2.15), not later than 11:00 A.M. (Dallas, Texas time) on the day when due in U.S. dollars to the Administrative Agent at the Administrative Agent's Account in same day funds. The Administrative Agent will promptly thereafter cause like funds to be distributed (i) if such payment by such Borrower is in respect of principal, interest, commitment fees or any other Obligation then payable hereunder and under the Notes to more than one Lender Party, to such Lender Parties for the account of their respective Applicable Lending Offices ratably in accordance with the amounts of such respective Obligations then payable to such Lender Parties and (ii) if such payment by such Borrower is in respect of any Obligation then payable hereunder to one Lender Party, to such Lender Party for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon any Assuming Lender's becoming a Lender hereunder as a result of a Commitment Increase pursuant to Section 2.16, and upon the Administrative Agent's receipt of such Lender's Assumption Agreement and recording of the information contained therein in the Register, from and after the applicable Increase Date, the Administrative Agent shall make all payments hereunder and under any Notes issued in connection therewith in respect of the interest assumed thereby to the Assuming Lender. Upon its acceptance of an Assignment and Acceptance and recording of the information contained therein in the Register pursuant to Section 9.07(d), from and after the effective date of such Assignment and Acceptance, the Administrative Agent shall make all payments hereunder and under the Notes in respect of the interest assigned thereby to the Lender Party assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) If the Administrative Agent receives funds for application to the Obligations under the Loan Documents under circumstances for which the Loan Documents do not specify the Advances or the Facility to which, or the manner in which, such funds are to be applied, the Administrative Agent may, but shall not be obligated to, elect to distribute such funds to each Lender Party

ratably in accordance with such Lender Party's proportionate share of the principal amount of all outstanding Advances and the Available Amount of all Letters of Credit then outstanding, in repayment or prepayment of such of the outstanding Advances or other Obligations owed to such Lender Party, and for application to such principal installments, as the Administrative Agent shall direct.

(c) Each Borrower hereby authorizes each Lender Party, if and to the extent payment owed to such Lender Party is not made when due hereunder or, in the case of a Lender, under the Note held by such Lender, if an Event of Default has occurred and is continuing, to charge from time to time against any or all of such Borrower's accounts with such Lender Party any amount so due (excluding any payroll or similar accounts).

(d) All computations of interest, fees and Letter of Credit commissions shall be made by the Administrative Agent on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest, fees or commissions are payable. Each determination by the Administrative Agent of an interest rate, fee or commission hereunder shall be conclusive and binding for all purposes, absent manifest error.

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(e) Whenever any payment hereunder or under the Notes shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or commitment fee, as the case may be; provided, however, that, if such extension would cause payment of interest on or principal of Eurodollar Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(f) Unless the Administrative Agent shall have received notice from a Borrower prior to the date on which any payment is due to any Lender Party hereunder that such Borrower will not make such payment in full, the Administrative Agent may assume that such Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each such Lender Party on such due date an amount equal to the amount then due such Lender Party. If and to the extent any Borrower shall not have so made such payment in full to the Administrative Agent, each such Lender Party shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender Party together with interest thereon, for each day from the date such amount is distributed to such Lender Party until the date such Lender Party repays such amount to the Administrative Agent, at the Federal Funds Rate.

SECTION 2.12. Taxes. (a) Any and all payments by any Borrower hereunder or under the Notes shall be made, in accordance with Section 2.11, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Lender Party and the Administrative Agent, taxes that are imposed on its overall net income (and franchise taxes imposed in lieu thereof) by the state or foreign jurisdiction under the laws of which such Lender Party or the Administrative Agent (as the case may be) is organized or any political subdivision thereof and, in the case of each Lender Party, taxes that are imposed on its overall net income (and franchise taxes imposed in lieu thereof) by the state or foreign jurisdiction of such Lender Party's Applicable Lending Office or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities in respect of payments hereunder or under the Notes being hereinafter referred to as "Taxes"). If any Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any Note to any Lender Party or the Administrative Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.12) such Lender Party or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Borrower shall make such deductions and (iii) such Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, each Borrower shall pay any present or future stamp, documentary, excise, property or similar taxes, charges or levies that

arise from any payment made hereunder or under the Notes or from the execution, delivery or registration of, performing under, or otherwise with respect to, this Agreement or the Notes (hereinafter referred to as "Other Taxes").

(c) Each Borrower shall indemnify each Lender Party and the Administrative Agent for and hold it harmless against the full amount of Taxes and Other Taxes, and for the full amount of taxes of any kind imposed by any jurisdiction on amounts payable under this Section 2.12, imposed on or paid by such Lender Party or the Administrative Agent (as the case may be) and any liability (including penalties, additions to tax, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be made within 30 days from the date such Lender Party or the Administrative Agent (as the case may be) makes written demand therefor.

(d) Within 30 days after the date of any payment of Taxes, each Borrower shall furnish to the Administrative Agent, at its address referred to in Section 9.02, the original or a certified copy of a receipt

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evidencing such payment. In the case of any payment hereunder or under the Notes by or on behalf of a Borrower through an account or branch outside the jurisdiction in which such Borrower is organized (the United States, the United Kingdom and Guernsey, as the case may be) or by or on behalf of a Borrower organized in the United States, the United Kingdom or Guernsey, respectively, by a payor that is not a United States person or a corporation organized under the laws of the United Kingdom or Guernsey, respectively, if such Borrower determines that no Taxes are payable in respect thereof, such Borrower shall furnish, or shall cause such payor to furnish, to the Administrative Agent, at such address, an opinion of counsel acceptable to the Administrative Agent stating that such payment is exempt from, or otherwise not subject to, Taxes. For purposes of this subsection (d) and subsection (e), the terms "United States" and "United States person" shall have the meanings specified in Section 7701 of the Internal Revenue Code.

(e) Each Lender Party, on or prior to the date of its execution and delivery of this Agreement in the case of each Initial Lender or Initial Issuing Bank and on the date of the Assignment and Acceptance pursuant to which it becomes a Lender Party in the case of each other Lender Party, and from time to time thereafter as requested in writing by any Borrower (but only so long as such Lender Party remains lawfully able to do so), shall provide such Borrower and the Administrative Agent with any form or certificate that is required by any taxing authority including, if applicable, two original Internal Revenue Service forms 1001 or 4224, as appropriate, or any successor form prescribed by the Internal Revenue Service or (in the case of a Lender Party that is claiming exemption from United States withholding tax under Section 871(h) or 881(c) of the Internal Revenue Code with respect to payments of "portfolio interest") two accurate and complete signed original Forms W-8 or any successor form prescribed by the Internal Revenue Service (and, if such Lender Party delivers Forms W-8, two signed certificates certifying that such Lender Party is not (i) a "bank" for purposes of Section 881(c) of the Internal Revenue Code, (ii) is not a 10-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Internal Revenue Code) of any Borrower and (iii) is not a controlled foreign corporation related to any Borrower (within the meaning of Section 864(d)(4) of the Internal Revenue Code), as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying (if it is the case) that such Lender Party is exempt from or entitled to a reduced rate of Home Jurisdiction Withholding Taxes (as defined below) on payments pursuant to this Agreement or the Notes (or, in the case of a Lender Party that initially becomes a party to this Agreement pursuant to an assignment under Section 9.07, exempt from or entitled to a reduced rate of Home Jurisdiction Withholding Taxes on payments made pursuant to this Agreement or the Notes that is no greater than the rate to which the assigning Lender Party was subject (assuming such assigning Lender Party provided such forms or certificates as may be required by this subsection (e))); provided, however, that such Lender Party shall have been advised in writing by each Borrower (including at the time any renewal form is due) of the form or certificate applicable to it, determined by reference to the jurisdiction of organization and Applicable Lending Office of such Lender Party set forth on Schedule I hereto, in the case of each Initial Lender or Initial Issuing Bank, or to the jurisdiction of organization and Applicable Lending Office of such Lender Party set forth in the Assignment and Acceptance pursuant to which it became a Lender Party, in the case of each other Lender Party, or such other branch or office of any Lender Party designated by such Lender Party from time to time. If any form

or document referred to in this subsection (e) requires the disclosure of information not substantially similar to the information necessary to compute the tax payable and information required on the date hereof by Internal Revenue Service form 1001 or 4224 or United Kingdom Inland Revenue Form FD13, and which a Lender Party reasonably considers to be confidential, such Lender Party shall give notice thereof to the Borrowers and shall not be obligated to include in such form or document such confidential information. If the accurate and complete forms provided by a Lender Party at the time such Lender Party first becomes a party to this Agreement indicate a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from Taxes unless and until such Lender Party provides the appropriate form certifying that a lesser rate applies, whereupon withholding tax at such lesser rate only shall be considered excluded from Taxes for periods governed by such form; provided, however, that, if at the date of the Assignment and Acceptance pursuant to which a Lender Party becomes a party to this Agreement, the Lender Party assignor was entitled to payments under subsection (a) in respect of United States withholding tax with respect to interest paid at such date, then, to such extent, the term

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Taxes shall include (in addition to withholding taxes that may be imposed in the future or other amounts otherwise includible in Taxes) United States withholding tax, if any, applicable with respect to the Lender Party assignee on such date.

"Home Jurisdiction Withholding Taxes" means (a) in the case of Amdocs Inc., CADET and Amdocs USA, withholding taxes imposed by the United States, (b) in the case of Amdocs UK, withholding taxes imposed by the United Kingdom of Great Britain and Wales and (c) in the case of ESM, withholding taxes imposed by Guernsey.

(f) For any period with respect to which a Lender Party has failed to provide the Borrowers with the appropriate form described in subsection (e) above (other than if such failure is due to a change in law occurring after the date on which a form originally was required to be provided or if such form otherwise is not required under subsection (e) above), such Lender Party shall not be entitled to indemnification under subsection (a) or (c) with respect to Taxes imposed by the United States, the United Kingdom or Guernsey, as applicable, by reason of such failure; provided, however, that should a Lender Party become subject to Taxes because of its failure to deliver a form or certificate required hereunder, the Borrowers, at the expense of such Lender, shall take such steps as such Lender Party shall reasonably request to assist such Lender Party to recover such Taxes.

(g) Each Lender Party shall promptly upon the request of the Administrative Agent take all action (including without limitation the completion of forms and the provision of information to the appropriate taxing authorities or to the Administrative Agent), of the kind prescribed in regulations promulgated under Section 118H of the UK Income and Corporation Taxes Act of 1988 (and any statements published by the Inland Revenue relating thereto and having general application) and consistent with such Lender Party's legal and regulatory restrictions, reasonably requested by the Administrative Agent, and the Administrative Agent shall upon reasonable request from any Borrower make such request of each Lender Party and shall itself (consistent with the Administrative Agent's legal and regulatory restrictions), to the extent appropriate and reasonable, take similar action, to secure the benefit of any exemption from, or relief with respect to, Taxes or Other Taxes imposed by the United Kingdom under Section 118H of the UK Income and Corporation Taxes Act of 1988 in relation to any amounts payable under this Agreement or any of the Notes.

(h) Any Lender Party or the Administrative Agent (as the case may be) claiming any additional amounts payable pursuant to this Section 2.12 agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Applicable Lending Office if the making of such a change would avoid the need for, or reduce the amount of, any such additional amounts that may thereafter accrue and would not, in the reasonable judgment of such Lender Party or the Administrative Agent (as the case may be), be otherwise disadvantageous to such Lender Party or the Administrative Agent (as the case may be). Each Borrower shall promptly upon request by any Lender Party or the Administrative Agent take all actions (including, without limitation, the completion of forms and the provision of information to the appropriate taxing authorities) reasonably requested by such Lender Party or the Administrative Agent to secure the benefit of any exemption

from, or relief with respect to, Taxes or Other Taxes in relation to any amounts payable under this Agreement.

SECTION 2.13. Sharing of Payments, Etc. If any Lender Party shall obtain at any time any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) (a) on account of Obligations due and payable to such Lender Party hereunder and under the Notes at such time in excess of its ratable share (according to the proportion of (i) the amount of such Obligations due and payable to such Lender Party at such time to (ii) the aggregate amount of the Obligations due and payable to all Lender Parties hereunder and under the Notes at such time) of payments on account of the Obligations due and payable to all Lender Parties hereunder and under the Notes at such time obtained by all the Lender Parties at such time or (b) on account of

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Obligations owing (but not due and payable) to such Lender Party hereunder and under the Notes at such time in excess of its ratable share (according to the proportion of (i) the amount of such Obligations owing to such Lender Party at such time to (ii) the aggregate amount of the Obligations owing (but not due and payable) to all Lender Parties hereunder and under the Notes at such time) of payments on account of the Obligations owing (but not due and payable) to all Lender Parties hereunder and under the Notes at such time obtained by all of the Lender Parties at such time, such Lender Party shall forthwith purchase from the other Lender Parties such participations in the Obligations due and payable or owing to them, as the case may be, as shall be necessary to cause such purchasing Lender Party to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender Party, such purchase from each other Lender Party shall be rescinded and such other Lender Party shall repay to the purchasing Lender Party the purchase price to the extent of such Lender Party's ratable share (according to the proportion of (i) the purchase price paid to such Lender Party to (ii) the aggregate purchase price paid to all Lender Parties) of such recovery together with an amount equal to such Lender Party's ratable share (according to the proportion of (i) the amount of such other Lender Party's required repayment to (ii) the total amount so recovered from the purchasing Lender Party) of any interest or other amount paid or payable by the purchasing Lender Party in respect of the total amount so recovered. Each Borrower agrees that any Lender Party so purchasing a participation from another Lender Party pursuant to this Section 2.13 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender Party were the direct creditor of such Borrower in the amount of such participation.

SECTION 2.14. Use of Proceeds. The proceeds of the Advances and issuances of Letters of Credit shall be available (and each Borrower agrees that it shall use such proceeds and Letters of Credit) solely (i) to pay transaction fees and expenses, (ii) to provide working capital for the operating Subsidiaries of ESM, (iii) to redeem the Subordinated Notes and (iv) from time to time to finance general corporate purposes.

SECTION 2.15. Defaulting Lenders. (a) In the event that, at any one time, (i) any Lender Party shall be a Defaulting Lender, (ii) such Defaulting Lender shall owe a Defaulted Advance to any Borrower and (iii) such Borrower shall be required to make any payment hereunder or under any other Loan Document to or for the account of such Defaulting Lender, then such Borrower may, so long as no Default shall occur or be continuing at such time and to the fullest extent permitted by applicable law, set off and otherwise apply the Obligation of such Borrower to make such payment to or for the account of such Defaulting Lender against the obligation of such Defaulting Lender to make such Defaulted Advance. In the event that, on any date, such Borrower shall so set off and otherwise apply its obligation to make any such payment against the obligation of such Defaulting Lender to make any such Defaulted Advance on or prior to such date, the amount so set off and otherwise applied by such Borrower shall constitute for all purposes of this Agreement and the other Loan Documents an Advance by such Defaulting Lender made on the date of such set-off. Such Advance shall be a Base Rate Advance and shall be considered, for all purposes of this Agreement, to comprise part of the Borrowing in connection with which such Defaulted Advance was originally required to have been made pursuant to Section 2.01, even if the other Advances comprising such Borrowing shall be Eurodollar Rate Advances on the date such Advance is deemed to be made pursuant to this subsection (a). Each Borrower shall notify the Administrative Agent at

any time such Borrower exercises its right of set-off pursuant to this subsection (a) and shall set forth in such notice (A) the name of the Defaulting Lender and the Defaulted Advance required to be made by such Defaulting Lender and (B) the amount set off and otherwise applied in respect of such Defaulted Advance pursuant to this subsection (a). Any portion of such payment otherwise required to be made by any Borrower to or for the account of such Defaulting Lender which is paid by such Borrower, after giving effect to the amount set off and otherwise applied by such Borrower pursuant to this subsection (a), shall be applied by the Administrative Agent as specified in subsection (b) or (c) of this Section 2.15.

(b) In the event that, at any one time, (i) any Lender Party shall be a Defaulting Lender, (ii) such Defaulting Lender shall owe a Defaulted Amount to the Administrative Agent or any of the other Lender

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Parties and (iii) any Borrower shall make any payment hereunder or under any other Loan Document to the Administrative Agent for the account of such Defaulting Lender, then the Administrative Agent may, on its behalf or on behalf of such other Lender Parties and to the fullest extent permitted by applicable law, apply at such time the amount so paid by such Borrower to or for the account of such Defaulting Lender to the payment of each such Defaulted Amount to the extent required to pay such Defaulted Amount. In the event that the Administrative Agent shall so apply any such amount to the payment of any such Defaulted Amount on any date, the amount so applied by the Administrative Agent shall constitute for all purposes of this Agreement and the other Loan Documents payment, to such extent, of such Defaulted Amount on such date. Any such amount so applied by the Administrative Agent shall be retained by the Administrative Agent or distributed by the Administrative Agent to such other Lender Parties, ratably in accordance with the respective portions of such Defaulted Amounts payable at such time to the Administrative Agent and such other Lender Parties and, if the amount of such payment made by any Borrower shall at such time be insufficient to pay all Defaulted Amounts owing at such time to the Administrative Agent and the other Lender Parties, in the following order of priority:

(i) first, to the Administrative Agent for any Defaulted Amount then owing to the Administrative Agent; and

(ii) second, to any other Lender Parties for any Defaulted Amounts then owing to such other Lender Parties, ratably in accordance with such respective Defaulted Amounts then owing to such other Lender Parties.

Any portion of such amount paid by any Borrower for the account of such Defaulting Lender remaining, after giving effect to the amount applied by the Administrative Agent pursuant to this subsection (b), shall be applied by the Administrative Agent as specified in subsection (c) of this Section 2.15.

(c) In the event that, at any one time, (i) any Lender Party shall be a Defaulting Lender, (ii) such Defaulting Lender shall not owe a Defaulted Advance or a Defaulted Amount and (iii) any Borrower, the Administrative Agent or any other Lender Party shall be required to pay or distribute any amount hereunder or under any other Loan Document to or for the account of such Defaulting Lender, then such Borrower or such other Lender Party shall pay such amount to the Administrative Agent to be held by the Administrative Agent, to the fullest extent permitted by applicable law, in escrow or the Administrative Agent shall, to the fullest extent permitted by applicable law, hold in escrow such amount otherwise held by it. Any funds held by the Administrative Agent in escrow under this subsection (c) shall be deposited by the Administrative Agent in an account with NationsBank, in the name and under the control of the Administrative Agent, but subject to the provisions of this subsection (c). The terms applicable to such account, including the rate of interest payable with respect to the credit balance of such account from time to time, shall be NationsBank's standard terms applicable to escrow accounts maintained with it. Any interest credited to such account from time to time shall be held by the Administrative Agent in escrow under, and applied by the Administrative Agent from time to time in accordance with the provisions of, this subsection (c). The Administrative Agent shall, to the fullest extent permitted by applicable law, apply all funds so held in escrow from time to time to the extent necessary to make any Advances required to be made by such Defaulting Lender and to pay any amount payable by such Defaulting Lender hereunder and under the other Loan Documents to the Administrative Agent

or any other Lender Party, as and when such Advances or amounts are required to be made or paid and, if the amount so held in escrow shall at any time be insufficient to make and pay all such Advances and amounts required to be made or paid at such time, in the following order of priority:

(i) first, to the Administrative Agent for any amount then due and payable by such Defaulting Lender to the Administrative Agent hereunder;

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(ii) second, to any other Lender Parties for any amount then due and payable by such Defaulting Lender to such other Lender Parties hereunder, ratably in accordance with such respective amounts then due and payable to such other Lender Parties; and

(iii) third, to such Borrower for any Advance then required to be made by such Defaulting Lender pursuant to a Commitment of such Defaulting Lender.

In the event that any Lender Party that is a Defaulting Lender shall, at any time, cease to be a Defaulting Lender, any funds held by the Administrative Agent in escrow at such time with respect to such Lender Party shall be distributed by the Administrative Agent to such Lender Party and applied by such Lender Party to the Obligations owing to such Lender Party at such time under this Agreement and the other Loan Documents ratably in accordance with the respective amounts of such Obligations outstanding at such time.

(d) The rights and remedies against a Defaulting Lender under this Section 2.15 are in addition to other rights and remedies that the Borrowers may have against such Defaulting Lender with respect to any Defaulted Advance and that the Administrative Agent or any Lender Party may have against such Defaulting Lender with respect to any Defaulted Amount.

SECTION 2.16. Increase in the Aggregate Commitments. (a) The Borrowers may, at any time (but not more than twice) prior to July 15, 1998, by notice to the Administrative Agent, request that the aggregate amount of the Commitments be increased by an amount of \$5,000,000 or an integral multiple of \$5,000,000 in excess thereof (each a "Commitment Increase") to be effective as of a date that is at least five days after such request (the "Increase Date") as specified in the related notice to the Administrative Agent; provided, however, that (i) in no event shall the aggregate amount of the Commitments at any time exceed \$120,000,000, and (ii) no Default shall have occurred and be continuing as of the date of such request or as of the applicable Increase Date, or shall occur as a result thereof.

(b) The Administrative Agent shall promptly notify the Lenders of a request by the Borrowers for a Commitment Increase, which notice shall include (i) the proposed amount of such requested Commitment Increase, (ii) the proposed Increase Date and (iii) the date by which Lenders wishing to participate in the Commitment Increase must commit to an increase in the amount of their respective Commitments (the "Commitment Date"). Each Lender that is willing to participate in the requested Commitment Increase (each an "Increasing Lender") shall give written notice to the Administrative Agent on or prior to the Commitment Date of the amount by which it is willing to increase its Commitment. If the Lenders notify the Administrative Agent that they are willing to increase the amount of their respective Commitments by an aggregate amount that exceeds the amount of the requested Commitment Increase, the requested Commitment Increase shall be allocated among the Lenders willing to participate therein in such amounts as are agreed among the Borrowers and the Administrative Agent.

(c) Promptly following each Commitment Date, the Administrative Agent shall notify the Borrowers as to the amount, if any, by which the Lenders are willing to participate in the requested Commitment Increase. If the aggregate amount by which the Lenders are willing to participate in the requested Commitment Increase on any such Commitment Date is less than the requested Commitment Increase, then the Borrowers may extend offers to one or more Eligible Assignees to participate in any portion of the requested Commitment Increase that has not been committed to by the Lenders as of the applicable Commitment Date; provided, however, that the Commitment of each such Eligible Assignee shall be in an amount of \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof.

(d) On each Increase Date, each Eligible Assignee that accepts an offer to participate in the requested Commitment Increase in accordance with Section 2.16(c) (each, an "Assuming Lender") shall become a

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Lender party to this Agreement as of such Increase Date and the Commitment of each Increasing Lender for the requested Commitment Increase shall be so increased by such amount (or by the amount allocated to such Lender pursuant to the last sentence of Section 2.16(b)) as of such Increase Date; provided, however, that the Administrative Agent shall have received on or before such Increase Date the following, each dated such date:

(i) an assumption agreement from each Assuming Lender, if any, in form and substance satisfactory to the Borrower and the Administrative Agent (each an "Assumption Agreement"), duly executed by such Eligible Assignee, the Administrative Agent and the Borrowers; and

(ii) confirmation from each Increasing Lender of the increase in the amount of its Commitment in a writing satisfactory to the Borrowers and the Administrative Agent.

On each Increase Date, upon fulfillment of the conditions set forth in the immediately preceding sentence of this Section 2.16(d), the Administrative Agent shall notify the Lenders (including, without limitation, each Assuming Lender) and the Borrowers, on or before 1:00 P.M. (Dallas, Texas time), by telecopier or telex, of the occurrence of the Commitment Increase to be effected on such Increase Date and shall record in the Register the relevant information with respect to each Increasing Lender and each Assuming Lender on such date. Each Increasing Lender and each Assuming Lender shall, before 2:00 P.M. (Dallas, Texas time) on the Increase Date, make available for the account of its Applicable Lending Office to the Administrative Agent at the Administrative Agent's Account, in same day funds, in the case of such Assuming Lender, an amount equal to such Assuming Lender's ratable portion of the Revolving Credit Borrowings then outstanding (calculated based on its Commitment as a percentage of the aggregate Commitments outstanding after giving effect to the relevant Commitment Increase) and, in the case of such Increasing Lender, an amount equal to the excess of (i) such Increasing Lender's ratable portion of the Revolving Credit Borrowings then outstanding (calculated based on its Commitment as a percentage of the aggregate Commitments outstanding after giving effect to the relevant Commitment Increase) over (ii) such Increasing Lender's ratable portion of the Revolving Credit Borrowings then outstanding (calculated based on its Commitment (without giving effect to the relevant Commitment Increase) as a percentage of the aggregate Commitments (without giving effect to the relevant Commitment Increase)). After the Administrative Agent's receipt of such funds from each such Increasing Lender and each such Assuming Lender, the Administrative Agent will promptly thereafter cause to be distributed like funds to the other Lenders for the account of their respective Applicable Lending Offices in an amount to each other Lender such that the aggregate amount of the outstanding Revolving Credit Advances owing to each Lender after giving effect to such distribution equals such Lender's ratable portion of the Revolving Credit Borrowings then outstanding (calculated based on its Commitment as a percentage of the aggregate Commitments outstanding after giving effect to the relevant Commitment Increase). If and to the extent that any Assuming Lender or any Increasing Lender shall not have so made such ratable portion available to the Administrative Agent, such Lender and the Borrowers (ratably in accordance with the amount of Advances then outstanding to each of them) severally agree to pay or repay to the Administrative Agent forthwith on demand such corresponding amount and to pay interest thereon, for each day from the relevant Increase Date until the date such amount is repaid or paid to the Administrative Agent, at (i) in the case of the Borrowers, the interest rate applicable at such time under Section 2.07 to Advances comprising such Borrowing and (ii) in the case of such Lender, the Federal Funds Rate. Within five Business Days after the Borrowers receive notice from the Administrative Agent, each Borrower, at its own expense, shall execute and deliver to the Administrative Agent, Revolving Credit Notes payable to the order of each Assuming Lender substantially in the form of Exhibit A hereto. The Administrative Agent, upon receipt of such Revolving Credit Notes, shall promptly deliver such Revolving Credit Notes to the respective Assuming Lenders.

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ARTICLE III

CONDITIONS OF LENDING

SECTION 3.01. Conditions Precedent to Initial Extension of Credit. The obligation of each Lender to make an Advance or of the Issuing Bank to issue a Letter of Credit on the occasion of the Initial Extension of Credit hereunder is subject to the satisfaction of the following conditions precedent before or concurrently with the Initial Extension of Credit:

(a) Before giving effect to the transactions contemplated by this Agreement, there shall have occurred no material adverse change in the business condition (financial or otherwise), operations, performance, properties or prospects of any Loan Party, any of its Subsidiaries or Limited since September 30, 1997.

(b) There shall exist no action, suit, investigation, litigation or proceeding affecting any Loan Party or any of its Subsidiaries pending or threatened before any court, governmental agency or arbitrator that (i) would be reasonably likely to have a Material Adverse Effect or (ii) purports to affect the legality, validity or enforceability of this Agreement, any Note, any other Loan Document, any Related Document or the consummation of the transactions contemplated hereby.

(c) The Borrowers shall have paid all accrued fees and expenses of the Administrative Agent and the Lender Parties (including the accrued fees and expenses of counsel to the Administrative Agent and local counsel to the Lender Parties).

(d) The Administrative Agent on behalf of the Lender Parties shall have received on or before the day of the Initial Extension of Credit the following, each dated such day (unless otherwise specified), in form and substance satisfactory to the Lender Parties (unless otherwise specified) and (except for the Notes) in sufficient copies for each Lender Party:

(i) The Notes payable to the order of the Lenders.

(ii) Certified copies of the resolutions of the Board of Directors or Executive Committee of each Borrower and each other Loan Party (other than Amdocs Japan Limited and Directory Technology Pty. Ltd.) approving this Agreement, the Notes, each other Loan Document and each Related Document to which it is or is to be a party, and of all documents evidencing other necessary corporate action and governmental and other third party approvals and consents, if any, with respect to this Agreement, the Notes, each other Loan Document and each Related Document.

(iii) A certificate of each Borrower and each other Loan Party, signed on behalf of such Borrower and such other Loan Party (other than Amdocs Japan Limited and Directory Technology Pty. Ltd.) by its President or a Vice President and its Secretary or any Assistant Secretary, dated the date of the Initial Extension of Credit (the statements made in which certificate shall be true on and as of the date of the Initial Extension of Credit), certifying as to (A) the absence of any amendments to the charter of such Borrower and such other Loan Party since the date of the certificate referred to in Section 3.01(i)(iii) of the Existing Credit Agreement, (B) the due incorporation and good standing (where applicable) of such Borrower and such other Loan Party as a corporation organized under the laws of the jurisdiction of its incorporation, and the absence of any proceeding for the dissolution or liquidation of such Borrower and such other Loan Party, (C) the truth of the representations and warranties

contained in the Loan Documents as though made on and as of the date of the Initial Extension of Credit and (D) the absence of any event occurring and continuing, or resulting from the Initial Extension of Credit, that constitutes a Default.

(iv) A certificate of the Secretary or an Assistant Secretary of each Borrower and each other Loan Party certifying the names and true signatures of the officers of such Person authorized to sign this Agreement, the Notes, each other Loan Document and each Related Document to which they are or are to be parties and the other documents to be delivered hereunder and thereunder.

(v) A security agreement supplement in the form of Exhibit C to the security agreement dated as of January 6, 1998 made by the Grantors named therein in favor of the Administrative Agent (as amended, supplemented or otherwise modified from time to time in accordance with its terms and together with each other security agreement delivered pursuant to Section 5.01(k), in each case as amended, supplemented or otherwise modified from time to time in accordance with its terms, the "Security Agreement"), duly executed by Amdocs USA, together with:

(A) certificates representing the Pledged Shares referred to therein accompanied by undated stock powers executed in blank and instruments evidencing the Pledged Debt, if any, referred to therein indorsed in blank,

(B) acknowledgment copies or stamped receipt copies of proper financing statements or other appropriate filings, duly filed on or before the day of the Initial Extension of Credit under the Uniform Commercial Code or other appropriate laws of all jurisdictions that the Administrative Agent may deem necessary or desirable in order to perfect and protect the first priority liens and security interests created under the Security Agreement, covering the Collateral described in the Security Agreement,

(C) completed requests for information, dated on or before the date of the Initial Extension of Credit, listing the financing statements or other appropriate filings referred to in clause (B) above and all other effective financing statements filed in the jurisdictions referred to in clause (B) above that name any Borrower or any other Loan Party as debtor, together with copies of such other financing statements or other appropriate filings,

(D) copies of the Assigned Agreements, if any, referred to in the Security Agreement, together with a consent to such assignment, in substantially the form of Exhibit B to the Security Agreement, duly executed by each party to such Assigned Agreements other than the Borrowers,

(E) the Pledged Account Letters referred to in the Security Agreement, duly executed by each Pledged Account Bank referred to in the Security Agreement, and

(F) evidence that all other action that the Administrative Agent may reasonably deem necessary or desirable in order to perfect and protect the first priority liens and security interests created under the Security Agreement have been taken.

(vi) An amendment to the deed of charge over shares made by ESM in favor of the Administrative Agent dated as of January 6, 1998 (as amended, supplemented or otherwise

modified in accordance with its terms, the "Deed of Charge over Shares"), in substantially the form of Exhibit E, duly

executed by ESM, together with evidence that all actions that may be necessary or desirable in order to perfect and protect the first priority liens, security interests and charges created by the Deed of Charge over Shares have been taken.

(vii) A consent in substantially the form of Exhibit F, by the Guarantors (as defined in the US Loan Party Guaranty) in favor of the Administrative Agent under the guaranty dated as of January 6, 1998 made by such Guarantors in favor of the Administrative Agent (together with each other guaranty delivered by a Person organized under the laws of the United States or a political subdivision thereof pursuant to Section 5.01(k) or 5.01(l), in each case as amended, supplemented or otherwise modified from time to time in accordance with its terms, the "US Loan Party Guaranty"), duly executed by each Guarantor party thereto, consenting to the amendment and restatement contemplated by this Agreement.

(viii) An assumption of guaranty in substantially the form of Exhibit A to the US Loan Party Guaranty, duly executed by Amdocs USA.

(ix) A consent in substantially the form of Exhibit G, by the Guarantors (as defined in the Non-US Loan Party Guaranty) in favor of the Administrative Agent under the guaranty dated as of January 6, 1998 made by such Guarantors in favor of the Administrative Agent (together with each other guaranty delivered by a Person organized under the laws of a jurisdiction outside the United States pursuant to Section 5.01(k) or 5.01(l), in each case as amended, supplemented or otherwise modified from time to time in accordance with its terms, the "Non-US Loan Party Guaranty"), duly executed by each Guarantor party thereto (other than Amdocs Japan Limited and Directory Technology Pty. Ltd.), consenting to the amendment and restatement contemplated by this Agreement.

(x) Such financial, business and other information regarding each Loan Party and its Subsidiaries as the Lender Parties shall have requested, including, without limitation, information as to possible contingent liabilities, tax matters, environmental matters, obligations under employee benefit plans, collective bargaining agreements and other arrangements with employees and forecasts prepared by management of the Borrowers, in form and substance satisfactory to the Lender Parties, of balance sheets, income statements and cash flow statements on a quarterly basis for the first year following the day of the Initial Extension of Credit and on an annual basis for each year thereafter until 2001.

(xi) A favorable opinion of Reboul, MacMurray, Hewitt, Maynard & Kristol, counsel for the Loan Parties, in substantially the form of Exhibit H and as to such other matters as any Lender Party through the Administrative Agent may reasonably request.

(xii) A favorable opinion of Carey Langlois, counsel for ESM, and Frere Cholmeley Bischoff, counsel for Amdocs UK, in substantially the forms of Exhibits I-1 and I-2 hereto, and to such other matters as any Lender Party through the Administrative Agent may reasonably request.

(xiv) A favorable opinion of Blackwell Sanders Peper Martin, Missouri counsel for Amdocs Inc., CADET and Amdocs USA, in substantially the forms of Exhibit J hereto, and to such other matters as any Lender Party through the Administrative Agent may reasonably request.

(xv) A favorable opinion of Shearman & Sterling, counsel for the Administrative Agent, in form and substance satisfactory to the Administrative Agent.

SECTION 3.02. Conditions Precedent to Each Borrowing and Issuance. The obligation of each Appropriate Lender to make an Advance (other than a Letter of Credit Advance made by the Issuing Bank or a Lender pursuant to Section 2.03(c) and a Swing Line Advance made by a Lender pursuant to Section 2.02(b)) on the occasion of each Borrowing (including the Initial Extension of Credit), and the obligation of the Issuing Bank to issue a Letter of Credit (including the initial issuance) or renew a Letter of Credit and the right of the Borrowers to request a Swing Line Borrowing, shall be subject to the further conditions precedent that on the date of such Borrowing or issuance or renewal (a) the following statements shall be true (and each of the giving of the applicable Notice of Borrowing, Notice of Swing Line Borrowing, Notice of Issuance or Notice of Renewal and the acceptance by the relevant Borrower of the proceeds of such Borrowing or of such Letter of Credit or the renewal of such Letter of Credit shall constitute a representation and warranty by such Borrower that both on the date of such notice and on the date of such Borrowing or issuance or renewal such statements are true):

(i) the representations and warranties set forth in Section 4.01(a) through (f), (i), (j), (w) and (x) are correct in all material respects on and as of the date of such Borrowing or issuance or renewal, before and after giving effect to such Borrowing or issuance or renewal and to the application of the proceeds therefrom, as though made on and as of such date (other than any such representations or warranties that, by their terms, are made as of a date other than the date of such Borrowing or issuance or renewal); and

(ii) no event has occurred and is continuing, or would result from such Borrowing or issuance or renewal or from the application of the proceeds therefrom, that constitutes a Default;

and (b) the Administrative Agent shall have received such other approvals, opinions or documents as any Appropriate Lender through the Administrative Agent may reasonably request.

SECTION 3.03. Determinations Under Section 3.01. For purposes of determining compliance with the conditions specified in Section 3.01, each Lender Party shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lender Parties unless an officer of the Administrative Agent responsible for the transactions contemplated by the Loan Documents shall have received notice from such Lender Party prior to the Initial Extension of Credit, specifying its objection thereto and if the Initial Extension of Credit consists of a Borrowing, such Lender Party shall not have made available to the Administrative Agent such Lender Party's ratable portion of such Borrowing.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Borrowers. The Borrowers represent and warrant as follows:

(a) Each Loan Party (i) is a corporation duly organized, validly existing and in good standing (where applicable) under the laws of the jurisdiction of its incorporation, (ii) is duly qualified and in good standing (where applicable) as a foreign corporation in each other jurisdiction in which it owns or leases property or in which the conduct of its business requires it to so qualify or be licensed except where the failure to so qualify or be licensed is not reasonably likely to have a Material Adverse

Effect and (iii) has all requisite corporate power and authority (including, without limitation, all governmental licenses, permits and other approvals) to own or lease and operate its properties and to carry on its business as now conducted and as proposed to be conducted. All of the outstanding capital stock of each Borrower has been validly issued, is fully paid and non-assessable and is owned free and clear of all Liens, except those created under the Collateral Documents and the Subordinated Debt Documents.

(b) Set forth on Schedule 4.01(b) hereto is a complete and accurate list of all Subsidiaries of each Loan Party, showing as of the date hereof (as to each such Subsidiary) the jurisdiction of its incorporation, the number of shares of each class of capital stock authorized, and the number outstanding, on the date hereof and the percentage of the outstanding shares of each such class owned (directly or indirectly) by such Loan Party and the number of shares covered by all outstanding options, warrants, rights of conversion or purchase and similar rights at the date hereof. All of the outstanding capital stock of all of such Subsidiaries has been validly issued, is fully paid and non-assessable and is owned by such Loan Party or one or more of its Subsidiaries free and clear of all Liens, except those created under the Loan Documents and the Subordinated Debt Documents. Each such Subsidiary (i) is a corporation duly organized, validly existing and in good standing (where applicable) under the laws of the jurisdiction of its incorporation, (ii) is duly qualified and in good standing (where applicable) as a foreign corporation in each other jurisdiction in which it owns or leases property or in which the conduct of its business requires it to so qualify or be licensed except where the failure to so qualify or be licensed is not reasonably likely to have a Material Adverse Effect and (iii) has all requisite corporate power and authority (including, without limitation, all governmental licenses, permits and other approvals) to own or lease and operate its properties and to carry on its business as now conducted and as proposed to be conducted.

(c) The execution, delivery and performance by each Loan Party of this Agreement, the Notes, each other Loan Document and each Related Document to which it is or is to be a party, and the consummation of the transactions contemplated hereby, are within such Loan Party's corporate powers, have been duly authorized by all necessary corporate action, and do not (i) contravene such Loan Party's charter or bylaws (or similar governing documents), (ii) violate any law (including, without limitation, the Securities Exchange Act of 1934), rule, regulation (including, without limitation, Regulation X of the Board of Governors of the Federal Reserve System), order, writ, judgment, injunction, decree, determination or award, (iii) conflict with or result in the breach of, or constitute a default in any material respect under, any contract, loan agreement, indenture, mortgage, deed of trust, lease or other instrument binding on or affecting any Loan Party, any of its Subsidiaries or any of their properties or (iv) except for the Liens created under the Loan Documents, result in or require the creation or imposition of any Lien upon or with respect to any of the properties of any Loan Party or any of its Subsidiaries. No Loan Party or any of its Subsidiaries is in violation of any such law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or in breach of any such contract, loan agreement, indenture, mortgage, deed of trust, lease or other instrument, the violation or breach of which would have a Material Adverse Effect.

(d) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for (i) the due execution, delivery, recordation, filing or performance by any Loan Party of this Agreement, the Notes, any other Loan Document or any Related Document to which it is or is to be a party, or for the consummation of the transactions contemplated hereby, (ii) the grant by any Loan Party of the Liens granted by it pursuant to the Collateral Documents, (iii) the perfection or maintenance of the Liens created by the Collateral Documents (including the first priority nature thereof) or (iv) the exercise by the Administrative Agent or any Lender Party of its rights under the Loan Documents or the remedies in respect of the Collateral pursuant to the Collateral Documents, except for the authorizations, approvals, actions, notices and filings that are required as of the date hereof or, in the case of any such authorizations, approvals, actions, notices

and filings that are required after the date hereof, have been disclosed to the Lender Parties and, in any case have been duly obtained, taken, given or made and are in full force and effect.

(e) This Agreement has been, and each of the Notes, each other Loan Document and each Related Document when delivered hereunder will have been, duly executed and delivered by each Loan Party party thereto. This Agreement is, and each of the Notes, each other Loan Document and each Related Document when delivered hereunder will be, the legal, valid and binding obligation of each Loan Party party thereto, enforceable against such Loan Party in accordance with its terms, except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency and other similar laws affecting creditors rights generally.

(f) The Consolidated and Consolidating balance sheets of Limited and its Subsidiaries as at September 30, 1997, and the related Consolidated and Consolidating statements of income and Consolidated statement of cash flows of Limited and its Subsidiaries for the fiscal year then ended, accompanied by an opinion of Ernst & Young LLP, independent public accountants, and the Consolidated and Consolidating balance sheet of Limited and its Subsidiaries as at March 31, 1998, and the related Consolidated and Consolidating statements of income and cash flows of Limited and its Subsidiaries for the six months then ended, duly certified by the chief financial officer of Limited, copies of which have been furnished to each Lender Party, fairly present, subject, in the case of said balance sheet as at March 31, 1998, and said statements of income and cash flows for the six months then ended, to year-end audit adjustments, the Consolidated and Consolidating financial condition of Limited and its Subsidiaries as at such dates and the Consolidated and Consolidating results of the operations of Limited and its Subsidiaries for the periods ended on such dates, all in accordance with generally accepted accounting principles applied on a consistent basis, and since September 30, 1997, there has been no Material Adverse Change.

(g) The Consolidated and Consolidating forecasted balance sheets, income statements and cash flows statements of the Borrowers and their Subsidiaries delivered to the Lender Parties pursuant to Section 3.01(d)(x) were prepared in good faith on the basis of assumptions which were believed to be reasonable at the time made in the light of conditions existing at the time of delivery of such forecasts, and represented, at the time of delivery, the Borrowers' best estimate of their future financial performance.

(h) No written information, exhibit or report furnished by any Loan Party to the Administrative Agent or any Lender Party in connection with the negotiation of the Loan Documents or pursuant to the terms of the Loan Documents contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements made therein not materially misleading at the time so made.

(i) There is no action, suit, investigation, litigation or proceeding, including any Environmental Action, to which any Loan Party or any of its Subsidiaries is a party, pending or threatened before any court, governmental agency or arbitrator that (i) would be reasonably likely to have a Material Adverse Effect or (ii) purports to affect the legality, validity or enforceability of this Agreement, any Note, any other Loan Document or any Related Document or the consummation of the transactions contemplated hereby.

(j) No Borrower is engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no proceeds of any Advance or drawings under any Letter of Credit will be used to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock.

(k) Following application of the proceeds of each Advance or drawing under each Letter of Credit, not more than 25 percent of the value of the assets (either of a Borrower only or of such Borrower and its Subsidiaries on a Consolidated basis) subject to the provisions of Section 5.02(a) or 5.02(e) or subject to any restriction contained in any agreement or instrument between such Borrower and any Lender Party or any Affiliate of any Lender Party relating to Debt and within the scope of Section 6.01(e) will be Margin Stock.

(l) Neither any Loan Party nor any ERISA Affiliate has any Multiemployer Plan or Multiple Employer Plan.

(m) With respect to each scheme or arrangement mandated by a government other than the United States (a "Foreign Government Scheme or Arrangement") and with respect to each employee benefit plan maintained or contributed to by any Loan Party that is not subject to United States law (a "Foreign Plan"):

(i) Any employer and employee contributions required by law or by the terms of any Foreign Government Scheme or Arrangement or any Foreign Plan have been made, or, if applicable, accrued, in accordance with normal accounting practices,

(ii) The fair market value of the assets of each funded Foreign Plan, the liability of each insurer for any Foreign Plan funded through insurance or the book reserve established for any Foreign Plan, together with any accrued contributions, is sufficient to procure or provide for the accrued benefit obligations, as of the date hereof, with respect to all current and former participants in such Foreign Plan according to the actuarial assumptions and valuations most recently used to determine employer contributions to such Foreign Plan, and

(iii) Each Foreign Plan required to be registered has been registered and has been maintained in good standing with applicable regulatory authorities.

(n) Neither the business nor the properties of any Loan Party or any of its Subsidiaries are affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy or other casualty (whether or not covered by insurance) that would be reasonably likely to have a Material Adverse Effect.

(o) The operations and properties of each Loan Party and each of its Subsidiaries comply in all material respects with all applicable Environmental Laws and Environmental Permits, all past non-compliance with such Environmental Laws and Environmental Permits has been resolved without ongoing obligations or costs, and no circumstances exist that would be reasonably likely to (i) form the basis of an Environmental Action against any Loan Party or any of its Subsidiaries or any of their properties that could have a Material Adverse Effect or (ii) cause any such property to be subject to any restrictions on ownership, occupancy, use or transferability under any Environmental Law.

(p) Neither any Loan Party nor any of its Subsidiaries is a party to any indenture, loan or credit agreement or any lease or other agreement or instrument or subject to any charter or corporate restriction that would have a Material Adverse Effect.

(q) The Collateral Documents create a valid and perfected first priority security interest in the Collateral as and to the extent set forth in the Collateral Documents, securing the payment of the Secured Obligations, and all filings and other actions necessary or desirable to perfect and protect such security interest have been duly taken. The Loan Parties are the legal and beneficial owners of the

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Collateral free and clear of any Lien, except for the liens and security interests created or permitted under the Loan Documents.

(r) Each Loan Party and each of its Subsidiaries has filed, has caused to be filed or has been included in all material tax returns (Federal, state, local and foreign) required to be filed and has paid all taxes shown thereon to be due, together with applicable interest and penalties.

(s) Set forth on Schedule 4.01(s) hereto is a complete and accurate list, as of the date of the Existing Credit Agreement, of each taxable year of each Loan Party and each of its Subsidiaries for which Federal

income tax returns have been filed and for which the expiration of the applicable statute of limitations for assessment or collection has not occurred by reason of extension or otherwise (an "Open Year").

(t) The aggregate unpaid amount, as of the date hereof, of adjustments to the Federal income tax liability of each Loan Party and each of its Subsidiaries proposed by the Internal Revenue Service with respect to Open Years does not exceed \$2,000,000. No issues have been raised by the Internal Revenue Service in respect of Open Years that, in the aggregate, would have a Material Adverse Effect.

(u) The aggregate unpaid amount, as of the date hereof, of adjustments to the state, local and foreign tax liability of each Loan Party and its Subsidiaries proposed by all state, local and foreign taxing authorities (other than amounts arising from adjustments to Federal income tax returns) does not exceed \$2,000,000. No issues have been raised by such taxing authorities that, in the aggregate, would have a Material Adverse Effect.

(v) No "ownership change" as defined in Section 382(g) of the Internal Revenue Code, and no event that would result in the application of the "separate return limitation year" or "consolidated return change of ownership" limitations under the Federal income tax consolidated return regulations, has occurred with respect to any Borrower or Limited since September 30, 1992.

(w) Neither any Loan Party nor any of its Subsidiaries is an "investment company," or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended. Neither the making of any Advances, nor the issuance of any Letters of Credit, nor the application of the proceeds or repayment thereof by the Borrowers, nor the consummation of the other transactions contemplated hereby, will violate any provision of such Act or any rule, regulation or order of the Securities and Exchange Commission thereunder.

(x) Each Loan Party is, individually and together with its Subsidiaries, Solvent.

(y) Set forth on Schedule 4.01(y) hereto is a complete and accurate list of all Debt of the Borrowers outstanding on the date hereof and having an outstanding principal amount or other payment obligation (contingent or otherwise) of \$1,000,000 or more (the "Existing Debt"), showing as of the date hereof the principal amount outstanding thereunder.

(z) Set forth on Schedule 4.01(z) hereto is a complete and accurate list of all Debt of the Borrowers, Amdocs (Israel) and their Subsidiaries (the "Surviving Debt") that will remain outstanding after the application of the proceeds of the Initial Extension of Credit, showing as of the date hereof the principal amount outstanding thereunder, the maturity date thereof and the amortization schedule therefor.

(aa) Set forth on Schedule 4.01(aa) hereto is a complete and accurate list of all real property owned by any Loan Party or any of its Subsidiaries as of the date of the Existing Credit Agreement, showing as of the date hereof the street address, county or other relevant jurisdiction, state, record owner and book and estimated fair value thereof. Each Loan Party or such Subsidiary has good, marketable and insurable fee simple title to such real property, free and clear of all Liens, other than Liens created or permitted by the Loan Documents.

(bb) Set forth on Schedule 4.01(bb) hereto is a complete and accurate list of all leases of real property under which any Loan Party or any of its Subsidiaries is the lessee for which annual rental payments exceed \$500,000, showing as of the date of the Existing Credit Agreement the street address, county or other relevant jurisdiction, state, lessor, lessee, expiration date and annual rental cost thereof. Each such lease is the legal, valid and binding obligation of the lessor thereof, enforceable in accordance with its terms, except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency and other similar laws affecting creditors rights generally.

(cc) Set forth on Schedule 4.01(cc) hereto is a complete and accurate list of all Investments held by any Loan Party or any of its Subsidiaries, showing as of the date hereof the amount, obligor or issuer and maturity, if any, thereof.

(dd) Set forth on Schedule 4.01(dd) hereto is a complete and accurate list of all patents, trademarks, trade names, service marks and copyrights, and all applications therefor and licenses thereof, of each Loan Party or any of its Subsidiaries, showing as of the date of the Existing Credit Agreement the jurisdiction in which registered, the registration number, the date of registration and the expiration date.

ARTICLE V

COVENANTS OF THE BORROWERS

SECTION 5.01. Affirmative Covenants. So long as any Advance shall remain unpaid, any Letter of Credit shall be outstanding or any Lender Party shall have any Commitment hereunder, each Borrower will:

(a) Compliance with Laws, Etc. Comply, and cause each of its material Subsidiaries to comply, in all material respects, with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, compliance with Environmental Laws.

(b) Payment of Taxes, Etc. Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all taxes, assessments and governmental charges or levies imposed upon it or upon its property and (ii) all lawful claims that, if unpaid, might by law become a Lien upon its property; provided, however, that neither any Borrower nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim that is being contested in good faith and by proper proceedings and as to which appropriate reserves (to the extent required by GAAP) are being maintained, unless and until any Lien (other than a Permitted Lien) resulting therefrom attaches to its property and becomes enforceable against its other creditors.

(c) Maintenance of Insurance. Maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is consistent with past practice and prudent business practices.

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(d) Preservation of Corporate Existence, Etc. Preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, its existence, legal structure, legal name, rights (charter and statutory), permits, licenses, approvals, privileges and franchises necessary to the conduct of the business of such Borrower or such Subsidiary; provided, however, that the Borrowers and their Subsidiaries may consummate any merger or consolidation permitted under Section 5.02(d); and provided further that no Borrower and none of its Subsidiaries shall be required to preserve (i) any tax or exchange control approvals the absence of which would not materially interfere with the conduct of the business of such Borrower or such Subsidiary or (ii) any other right, permit, license, approval, privilege or franchise if the Board of Directors of such Borrower or such Subsidiary shall determine that the preservation thereof is no longer desirable in the conduct of the business of such Borrower or such Subsidiary, as the case may be, and that the loss thereof is not disadvantageous in any material respect to such Borrower, such Subsidiary or the Lender Parties.

(e) Visitation Rights. At any reasonable time and from time to time upon reasonable notice, permit the Administrative Agent or any of the Lender Parties or any agents or representatives thereof, to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, such Borrower and any of its Subsidiaries, and to discuss the affairs, finances and accounts of such Borrower and any of its Subsidiaries with any of their officers or directors and with their independent certified public accountants.

(f) Keeping of Books. Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of such Borrower and each such Subsidiary in accordance with generally accepted accounting principles in effect from time to time.

(g) Maintenance of Properties, Etc. Maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its properties that are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted.

(h) Compliance with Terms of Leaseholds. Make all payments and otherwise perform all obligations in respect of all leases of real property to which such Borrower or any of its Subsidiaries is a party, keep such leases in full force and effect and not allow such leases to lapse or be terminated or any rights to renew such leases to be forfeited or canceled, notify the Administrative Agent of any default by any party with respect to such leases and cooperate with the Administrative Agent in all respects to cure any such default, and cause each of its Subsidiaries to do so, except, in any case, where the failure to do so, either individually or in the aggregate, would not be reasonably likely to have a Material Adverse Effect.

(i) Performance of Related Documents. Perform and observe all of the terms and provisions of each Related Document to be performed or observed by it, maintain each such Related Document in full force and effect, enforce such Related Document in accordance with its terms, take all such action to such end as may be from time to time requested by the Administrative Agent and, upon request of the Administrative Agent, make to each other party to each such Related Document such demands and requests for information and reports or for action as such Borrower is entitled to make under such Related Document.

(j) Transactions with Affiliates. Conduct, and cause each of its Subsidiaries to conduct, all transactions otherwise permitted under the Loan Documents with any of their Affiliates on terms that are fair and reasonable and not less favorable to such Borrower or such Subsidiary than it would obtain in a comparable arm's-length transaction with a Person not an Affiliate other than (i) transactions among the

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Loan Parties and (ii) commercial transactions with Affiliates of SBC International Inc. that are consistent in nature, scope and terms with past practices used by any Loan Party or Amdocs (Israel) with respect to such Persons.

(k) Covenant to Give Security. Upon the request of the Administrative Agent following the occurrence and during the continuance of an Event of Default, and at the expense of such Borrower, (i) within 10 days after such request, furnish to the Administrative Agent a description of the real and personal properties of such Borrower and its Subsidiaries in detail satisfactory to the Administrative Agent, (ii) within 15 days after such request, duly execute and deliver to the Administrative Agent mortgages, pledges, assignments and other security agreements, as specified by and in form and substance satisfactory to the Administrative Agent, securing payment of all the Obligations of such Borrower under the Loan Documents and constituting Liens on all such properties, (iii) within 30 days after such request, take whatever action (including, without limitation, the recording of mortgages, the filing of Uniform Commercial Code financing statements, the giving of notices and the endorsement of notices on title documents) may be necessary or advisable in the opinion of the Administrative Agent to vest in the Administrative Agent (or in any representative of the Administrative Agent designated by it) valid and subsisting Liens on the properties purported to be subject to the security agreements delivered pursuant to this Section 5.01(k), enforceable against all third parties in accordance with their terms, (iv) within 60 days after such request, deliver to the Administrative Agent a signed copy of a favorable opinion, addressed to the Administrative Agent, of counsel for such Borrower acceptable to the Administrative Agent as to the matters contained in clauses (i), (ii) and (iii) above, as to such security agreements being legal, valid and binding obligations of such Borrower and

its Subsidiaries enforceable in accordance with their terms and as to such other matters as the Administrative Agent may reasonably request and (v) at any time and from time to time, promptly execute and deliver any and all further instruments and documents and take all such other action as the Administrative Agent may deem desirable in obtaining the full benefits of, or in preserving the Liens of, such security agreements.

(1) Additional Loan Parties. Cause any newly organized or acquired direct or indirect wholly owned Significant Subsidiary of such Borrower to promptly execute and deliver to the Administrative Agent prior to any Investment permitted by Section 5.02(f), and cause each Subsidiary which is not a Guarantor but is indicated to be a Significant Subsidiary in the audited financial statements delivered pursuant to Section 5.03(c) to promptly execute and deliver to the Administrative Agent (i) a security agreement supplement in the form of Exhibit C to the Security Agreement, (ii) a Guaranty in form and substance satisfactory to the Administrative Agent and the Lender Parties and (iii) such other documents, agreements, certificates or instruments as the Administrative Agent may reasonably request, in each case in form and substance reasonably satisfactory to the Administrative Agent, and to take all such other actions that may be necessary or that the Administrative Agent may deem reasonably desirable in order to perfect and protect any pledge, assignment or security interest granted by such security agreement (granting a security interest in the receivables, inventory, deposit accounts, equipment, intellectual property and other assets of such Significant Subsidiary) of such Significant Subsidiary to the Administrative Agent for the benefit of the Lender Parties) or to enable the Administrative Agent to exercise and enforce its rights and remedies thereunder.

SECTION 5.02. Negative Covenants. So long as any Advance shall remain unpaid, any Letter of Credit shall be outstanding or any Lender Party shall have any Commitment hereunder, no Borrower will, at any time:

(a) Liens, Etc. Create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Lien on or with respect to any of its properties of any character (including, without limitation, accounts) whether now owned or hereafter acquired, or sign or file or

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suffer to exist, or permit any of its Subsidiaries to sign or file or suffer to exist, under the Uniform Commercial Code of any jurisdiction, a financing statement that names such Borrower or any of its Subsidiaries as debtor, or sign or suffer to exist, or permit any of its Subsidiaries to sign or suffer to exist, any security agreement authorizing any secured party thereunder to file such financing statement, or assign, or permit any of its Subsidiaries to assign, any accounts or other right to receive income, excluding, however, from the operation of the foregoing restrictions the following:

(i) Liens created under the Loan Documents;

(ii) Permitted Liens;

(iii) Liens existing on the date hereof and described on Schedule 5.02(a) hereto;

(iv) purchase money Liens created by Amdocs (Israel), any Subsidiary of a Borrower or any Borrower other than ESM upon or in real property or equipment acquired or held by Amdocs (Israel), the Borrowers or any of their Subsidiaries in the ordinary course of business to secure the purchase price of such property or equipment or to secure Debt incurred solely for the purpose of financing the acquisition, construction or improvement of any such property or equipment to be subject to such Liens, or Liens existing on any such property or equipment at the time of acquisition (other than any such Liens created in contemplation of such acquisition that do not secure the purchase price), or extensions, renewals or replacements of any of the foregoing for the same or a lesser amount; provided, however, that no such Lien shall extend to or cover any property other than the property or equipment being acquired, constructed or improved, and no such extension, renewal or replacement shall extend

to or cover any property not theretofore subject to the Lien being extended, renewed or replaced; and provided further that the aggregate principal amount of the Debt secured by Liens permitted by this clause (A) shall not exceed the amount permitted under Section 5.02(b)(iv)(A) at any time outstanding and that any such Debt shall not otherwise be prohibited by the terms of the Loan Documents;

(v) Liens created by Amdocs (Israel), any Subsidiary of a Borrower or any Borrower other than ESM arising in connection with Capitalized Leases (including vehicle leases) permitted under Section 5.02(b)(iv)(B); provided that no such Lien shall extend to or cover any Collateral or assets other than the assets subject to such Capitalized Leases including Liens in the lessee's rights under such leases;

(vi) Liens created under the Subordinated Debt Documents;

(vii) Liens created by Amdocs (Israel) to secure Debt incurred in accordance with Section 5.02(b)(v) and 5.02(b)(vi);

(viii) Liens on cash collateral advanced by its customers that secure obligations incurred in the ordinary course of business related to transactions with such customers or to secure letters of credit that support such obligations;

(ix) Liens on cash collateral to secure obligations related to transactions with vendors or related to Hedge Agreements other than Bank Hedge Agreements or to secure letters of credit that support such obligations in an aggregate amount of cash collateral permitted under this clause (ix) not to exceed \$5,000,000 at any time; and

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(x) the replacement, extension or renewal of any Lien permitted by clause (iii) above upon or in the same property theretofore subject thereto or the replacement, extension or renewal (without increase in the amount or change in any direct or contingent obligor) of the Debt secured thereby.

(b) Debt. Create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Debt other than:

(i) in the case of ESM,

(A) Subordinated Debt evidenced by the Subordinated Notes,

(B) Debt in respect of Hedge Agreements designed to hedge against fluctuations in interest rates incurred in the ordinary course of business and consistent with prudent business practice in an aggregate notional amount (together with Debt incurred pursuant to Section 5.02(b)(vii)(A)) not to exceed \$120,000,000 at any time outstanding;

(C) Debt in respect of Hedge Agreements designed to hedge against fluctuations in foreign exchange rates incurred in the ordinary course of business and consistent with past practice; and

(D) Debt in respect of Redeemable Preferred Stock issued to Persons that are shareholders of ESM on the date hereof provided no mandatory redemption in respect thereof is required at any time prior to the date that is six months after the Termination Date;

(ii) in the case of Amdocs (Israel), any Borrower (other than ESM) and its Subsidiaries, unsecured Debt in respect of performance bonds in an aggregate principal amount for Amdocs (Israel), the Borrowers and their Subsidiaries not to exceed the amount set forth opposite each year set forth below at any time outstanding during the Fiscal Year ending in such year:

YEAR ----	AMOUNT -----
1998	\$25,000,000
1999	40,000,000
2000	55,000,000
2001 and thereafter	60,000,000

(iii) in the case of Amdocs (Israel), the Borrowers and any of their Subsidiaries,

- (A) Debt under the Loan Documents,
- (B) the Surviving Debt,
- (C) indorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business; and
- (D) Debt owed to any Borrower or any other Loan Party;

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(iv) in the case of Amdocs (Israel), the Subsidiaries of any Borrower or any Borrower other than ESM,

(A) Debt secured by Liens permitted by Section 5.02(a)(iv) in an aggregate principal amount for Amdocs (Israel), the Borrowers and their Subsidiaries not to exceed the amount set forth opposite each year set forth below at any time outstanding during the Fiscal Year ending in such year:

YEAR ----	AMOUNT -----
1998	\$30,000,000
1999	45,000,000
2000	60,000,000
2001 and thereafter	60,000,000

(B) Capitalized Leases (including vehicle leases) in an aggregate principal amount for Amdocs (Israel), the Borrowers and their Subsidiaries not to exceed the amount set forth opposite each year set forth below incurred during the Fiscal Year ending in such year:

YEAR ----	AMOUNT -----
1998	\$15,000,000
1999	18,000,000
2000	20,000,000

2001 and thereafter 20,000,000

(C) any Debt extending the maturity of, or refunding or refinancing, in whole or in part, any Surviving Debt, provided that the terms of any such extending, refunding or refinancing Debt, and of any agreement entered into and of any instrument issued in connection therewith, are otherwise permitted by the Loan Documents and provided further that the principal amount of such Surviving Debt shall not be increased above the principal amount thereof outstanding immediately prior to such extension, refunding or refinancing, and the direct and contingent obligors therefor shall not be changed, as a result of or in connection with such extension, refunding or refinancing,

(D) Debt of any Person that becomes a Subsidiary of a Borrower or Amdocs (Israel) after the date hereof in accordance with the terms of Section 5.02(f) that is existing at the time such Person becomes a Subsidiary of such Borrower or Amdocs (Israel) (other than Debt incurred solely in contemplation of such Person becoming a Subsidiary of such Borrower or Amdocs (Israel)),

(E) Debt of the type described in clause (i) of the definition of "Debt" made in the ordinary course of business guaranteeing (1) loans and advances made to employees by third parties in an aggregate principal amount for Amdocs (Israel), the Borrowers and their Subsidiaries not to exceed, together with the amount of Investments permitted pursuant to Section 5.02(f)(ii), the amount set forth opposite each year set forth below incurred during the Fiscal Year ending in such year:

YEAR ----	AMOUNT -----
1998	\$3,000,000
1999	5,000,000
2000	7,000,000
2001 and thereafter	9,000,000

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(2) Obligations to customs officials in respect of the importation of equipment in an aggregate amount for Amdocs (Israel), the Borrowers and their Subsidiaries not to exceed \$1,000,000 at any time and (3) payments under lease obligations for Amdocs (Israel), the Borrowers and their Subsidiaries, and

(F) unsecured Debt not otherwise permitted under this Section 5.02(b) in an aggregate principal amount for Amdocs (Israel), the Borrowers and their Subsidiaries not to exceed the amount set forth opposite each year set forth below at any time outstanding during the Fiscal Year ending in such year:

YEAR ----	AMOUNT -----
1998	\$10,000,000

1999	20,000,000
2000	30,000,000
2001 and thereafter	35,000,000

(v) in the case of Amdocs (Israel), Debt under a line of credit to be established by First International Bank of Israel in an aggregate principal amount outstanding not to exceed \$40,000,000 at any time, provided that the Lender Parties shall be reasonably satisfied with the terms and conditions thereof, including, without limitation, the term, covenants and events of default thereunder;

(vi) in the case of any Subsidiary of any Borrower, Debt owed to a Borrower, provided that, in each case in which the amount of such Debt is more than \$2,000,000 or in which the maturity of such Debt is more than one year, such Debt (x) shall constitute Pledged Debt (as defined in the Security Agreement) and (y) shall be evidenced by promissory notes in form and substance satisfactory to the Administrative Agent and such promissory notes shall be pledged as security for the Obligations of the holder hereof under the Loan Documents to which the holder thereof is a party and delivered to the Administrative Agent pursuant to the terms of the Collateral Documents and provided further, that such Debt of Amdocs (Israel) shall not exceed \$20,000,000, such Debt of Directory Technology Pty. Ltd. shall not exceed \$10,000,000 and such Debt of Amdocs (Cyprus) Ltd. shall not exceed \$5,000,000; and

(vii) in the case of any Borrower other than ESM,

(A) Debt in respect of Hedge Agreements designed to hedge against fluctuations in interest rates incurred in the ordinary course of business and consistent with prudent business practice and in an aggregate notional amount (together with any Debt incurred pursuant to Section 5.02(b) (i) (A)) not to exceed \$120,000,000 at any time outstanding; and

(B) Debt in respect of Hedge Agreements designed to hedge against fluctuations in foreign exchange rates incurred in the ordinary course of business and consistent with past practice.

(c) Lease Obligations. Create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any obligations as lessee for the rental or hire of

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real or personal property in connection with any sale and leaseback transaction that would cause the direct and contingent liabilities of Amdocs (Israel), the Borrowers and their Subsidiaries, on a Consolidated basis, in respect of all such obligations of Amdocs (Israel), the Borrowers and their Subsidiaries to exceed \$15,000,000.

(d) Mergers, Etc. Merge into or consolidate with any Person or permit any Person to merge into it, or permit any of its Subsidiaries to do so, except that any Subsidiary of a Borrower or Amdocs (Israel), as the case may be, may merge into or consolidate with any other Subsidiary of such Borrower or Amdocs (Israel), as the case may be provided that, in the case of any such merger or consolidation, the Person formed by such merger or consolidation shall be a wholly-owned Subsidiary of such Borrower or Amdocs (Israel), as the case may be, and, in the case of any such merger or consolidation in which a Loan Party is a party, the Person formed by such merger or consolidation shall be a Loan Party; provided, however, that in each case, immediately after giving effect thereto, no event shall occur and be continuing that constitutes a Default.

(e) Sales, Etc. of Assets. Sell, lease, transfer or otherwise dispose of, or permit any of its Subsidiaries to sell, lease, transfer or

otherwise dispose of, any assets, or grant any option or other right to purchase, lease or otherwise acquire any assets, except:

(i) sales of inventory or licensing of software in the ordinary course of its business,

(ii) in a transaction authorized by subsection (d) of this Section, and

(iii) sales of assets for cash and for fair value in an aggregate amount for Amdocs (Israel), the Borrowers and their Subsidiaries not to exceed \$10,000,000 in any Fiscal Year.

(f) Investments in Other Persons. Make or hold, or permit any of its Subsidiaries to make or hold, any Investment in any Person other than:

(i) Investments by Amdocs (Israel), the Borrowers and their respective Subsidiaries in their Subsidiaries outstanding on the date hereof;

(ii) loans and advances to employees in the ordinary course of the business of Amdocs (Israel), the Borrowers and their Subsidiaries as presently conducted in an aggregate principal amount not to exceed, together with the amount of Debt permitted pursuant to Section 5.02(b)(iv)(E)(1), the amount set forth opposite each year set forth below incurred during the Fiscal Year ending in such year:

YEAR ----	AMOUNT -----
1998	\$3,000,000
1999	5,000,000
2000	7,000,000
2001 and thereafter	9,000,000

(iii) Investments by Amdocs (Israel), the Borrowers and their Subsidiaries in Cash Equivalents;

(iv) Investments by ESM in Hedge Agreements permitted under Section 5.02(b)(i)(B) and (C);

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(v) Investments existing on the date hereof and described on Schedule 4.01(cc) hereto;

(vi) Investments by Amdocs (Israel) in any Subsidiary of ESM;

(vii) Investments in intercompany Debt permitted pursuant to Section 5.02(b)(vi);

and

(viii) other Investments by Amdocs (Israel), any Borrower other than ESM or by any Subsidiary of a Borrower in any entity that concurrently with any such Investment becomes a Loan Party in an aggregate amount invested not to exceed the amount set forth opposite each year set forth below incurred during the Fiscal Year ending in such year:

YEAR ----	AMOUNT -----
1998	\$30,000,000
1999	40,000,000
2000	50,000,000
2001 and thereafter	60,000,000

provided that with respect to Investments made under clause (viii) above: (1) any newly acquired or created Subsidiary of any Borrower or any of its Subsidiaries shall be a wholly owned Subsidiary thereof; (2) immediately before and after giving effect thereto, no Default shall have occurred and be continuing or would result therefrom; (3) any business acquired or invested in pursuant to clause (viii) above shall be in the same line of business as the business of such Borrower or any of its Subsidiaries; and (4) for any Investments in an amount exceeding the amounts set forth opposite each year set forth below for the Fiscal Year ended in such year the Required Lenders shall be satisfied with the resulting organizational and financial structure of the Borrowers and their Subsidiaries:

YEAR ----	AMOUNT -----
1998	\$25,000,000
1999	35,000,000
2000	40,000,000
2001 and thereafter	50,000,000

(g) Dividends, Etc. Declare or pay any dividends, purchase, redeem, retire, defease or otherwise acquire for value any of its capital stock or any warrants, rights or options to acquire such capital stock, now or hereafter outstanding, return any capital to its stockholders as such, make any distribution of assets, capital stock, warrants, rights, options, obligations or securities to its stockholders as such or issue or sell any capital stock or any warrants, rights or options to acquire such capital stock, or permit any of its Subsidiaries to purchase, redeem, retire, defease or otherwise acquire for value any capital stock of such Borrower or Amdocs (Israel), as the case may be, or any warrants, rights or options to acquire such capital stock or to issue or sell any capital stock or any warrants, rights or options to acquire such capital stock, except that, so long as no Default shall have occurred and be continuing at the time of any action described in clauses (i) through (v) below or would result therefrom, (i) each Borrower and Amdocs (Israel) may declare and pay dividends and distributions payable only in common stock of such Borrower or Amdocs (Israel), as the case may be, (ii) any Subsidiary of such Borrower or Amdocs (Israel), as the case may be, may declare and pay cash dividends to such Borrower or Amdocs (Israel), as the case may be, and to any other wholly-owned Subsidiary of such Borrower or Amdocs (Israel), as the case may be, of which it is a Subsidiary, (iii) any Borrower or Amdocs (Israel) may declare and pay cash dividends to Limited, provided that Limited shall contemporaneously make a capital contribution or an

advance to any Borrower in an amount equal to the cash proceeds of any such dividend received by Limited; provided, however, that any such advance shall have a maturity no earlier than a date that is one year following the Termination Date, shall accrue cash interest no earlier than a date that is one year following the Termination Date and shall be subordinate to the Obligations of ESM under the Loan Documents on terms acceptable to the Lender Parties, (iv) the Borrowers and Amdocs (Israel)

may declare and pay cash dividends to Limited in an aggregate amount not to exceed 10% of Consolidated net income of Limited and its Subsidiaries, arising after September 30, 1998 and computed on a cumulative basis and (v) the Borrowers and Amdocs (Israel) may declare and pay cash dividends to Limited to pay administrative and other expenses in an aggregate amount not to exceed \$2,000,000 in the Fiscal Year ended in 1998 and \$1,000,000 in any Fiscal Year thereafter.

(h) Change in Nature of Business. (i) In the case of ESM, engage in any business or activity other than (A) holding the capital stock of its Subsidiaries and (B) entering into, and performing its obligations under, the Loan Documents and the Related Documents and (ii) in the case of each other Loan Party, make, or permit any of its Subsidiaries to make, any material change in the nature of its business as carried on at the date hereof.

(i) Charter Amendments. Amend, or permit any of its Subsidiaries to amend, its certificate of incorporation or bylaws.

(j) Accounting Changes. Make or permit, or permit any of its Subsidiaries to make or permit, any change in (i) accounting policies or reporting practices, except as required by generally accepted accounting principles or (ii) Fiscal Year.

(k) Prepayments, Etc. of Debt. Prepay, redeem, purchase, defease or otherwise satisfy prior to the scheduled maturity thereof in any manner, or make any payment in violation of any subordination terms of, any Debt, other than (i) the prepayment of the Advances in accordance with the terms of this Agreement, (ii) the prepayment of advances made to Amdocs (Israel) under the line of credit to be established by First International Bank of Israel, (iii) regularly scheduled or required repayments or redemptions of Surviving Debt, (iv) the prepayment of the Subordinated Notes, provided that the amount of prepayment permitted under this clause (iv) shall not exceed the result of (x) the aggregate amount of the Commitments minus (y) \$25,000,000 and (v) the prepayment of the Subordinated Notes payable in an aggregate amount not to exceed (x) the aggregate amount of such Subordinated Notes outstanding on June 29, 1998 minus (y) the aggregate amount paid pursuant to the preceding subclause (iv), or amend, modify or change in any manner any term or condition of any Surviving Debt or Subordinated Debt, or permit any of its Subsidiaries to do any of the foregoing other than to prepay any Debt payable to such Borrower.

(l) Amendment, Etc. of Related Documents. Cancel or terminate any Related Document or consent to or accept any cancellation or termination thereof, amend, modify or change in any manner any term or condition of any Related Document or give any consent, waiver or approval thereunder, waive any default under or any breach of any term or condition of any Related Document, agree in any manner to any other amendment, modification or change of any term or condition of any Related Document or take any other action in connection with any Related Document, in all cases, that would impair the value of the interest or rights of such Borrower thereunder or that would impair the rights or interests of the Administrative Agent or any Lender Party, or permit any of its Subsidiaries to do any of the foregoing.

(m) Negative Pledge. Enter into or suffer to exist, or permit any of its Subsidiaries to enter into or suffer to exist, any agreement prohibiting or conditioning the creation or assumption of any Lien upon any of its property or assets other than (i) in favor of the Secured Parties or (ii) in connection with (A) any Surviving Debt or (B) any Debt permitted by Section 5.02(b) (iv) (A) or (B) hereof so long as such

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limitation applies solely to the assets that are the subject of Liens or Capitalized Leases referred to in such Sections.

(n) Partnerships, Etc. Become a general partner in any general or limited partnership or similar joint venture, or permit any of its Subsidiaries to do so, other than any Subsidiary the sole assets of which consist of its interest in such partnership or joint venture.

(o) Speculative Transactions. Enter into, or permit any of its

Subsidiaries to enter into, in any transaction involving commodity options or futures contracts or any similar speculative transactions (including, without limitation, take-or-pay contracts), except for Hedge Agreements permitted under Section 5.02(b).

(p) Capital Expenditures. Make, or permit any of its Subsidiaries to make, any Capital Expenditures that would cause the aggregate of all such Capital Expenditures made by Amdocs (Israel), the Borrowers and their Subsidiaries in any period set forth below to exceed the amount set forth below for such period:

FISCAL YEAR ENDING IN -----	AMOUNT -----
1998	\$30,000,000
1999	35,000,000
2000	45,000,000
2001	63,000,000

plus, for each Fiscal Year set forth above, an amount not more than the amount set forth above for the immediately preceding Fiscal Year (the "Prior Year") equal to the excess of the amount of Capital Expenditures permitted to be made by the Borrowers, Amdocs (Israel) and their Subsidiaries in such Prior Year over the aggregate amount of Capital Expenditures made by the Borrowers, Amdocs (Israel) and their Subsidiaries during such Prior Year.

(q) ERISA. Have, or permit any of its Subsidiaries or ERISA Affiliate to have, any Multiemployer Plan or Multiple Employer Plan.

(r) Cash at Amdocs (Israel). In the case of Amdocs (Israel), maintain an aggregate balance of cash and cash equivalents of more than \$20,000,000 for a period of more than 30 consecutive days.

SECTION 5.03. Reporting Requirements. So long as any Advance shall remain unpaid, any Letter of Credit shall be outstanding or any Lender Party shall have any Commitment hereunder, the Borrowers will furnish to the Administrative Agent in sufficient copies for each Lender Party as requested by the Administrative Agent:

(a) Default Notice. As soon as possible and in any event within two Business Days after the occurrence and continuation of each Default or any event, development or occurrence reasonably likely to have a Material Adverse Effect, a statement of the chief financial officer of ESM setting forth details of such Default, event, development or occurrence and the action that the Borrowers have taken and propose to take with respect thereto.

(b) Quarterly Financials. As soon as available and in any event within 45 days after the end of each of the first three quarters of each Fiscal Year, unaudited Consolidated and Consolidating balance sheets of Limited and its Subsidiaries as of the end of such quarter and unaudited Consolidated and Consolidating statements of income and an unaudited Consolidated statement of cash flows of Limited

and its Subsidiaries for the period commencing at the end of the previous fiscal quarter and ending with the end of such fiscal quarter and unaudited Consolidated and Consolidating statements of income and an unaudited Consolidated statement of cash flows of Limited and its Subsidiaries for the period commencing at the end of the previous Fiscal Year and ending with the end of such quarter, setting forth in each case in comparative form the corresponding figures for the corresponding period of the preceding Fiscal Year, all in reasonable detail and duly certified (subject to year-end audit adjustments) by the chief financial officer of

Limited as having been prepared in accordance with GAAP, together with (i) a certificate of the chief financial officer of ESM stating that, to the best of its knowledge, no Default has occurred and is continuing or, if a Default has occurred and is continuing, a statement as to the nature thereof and the action that the Borrowers have taken and propose to take with respect thereto and (ii) a schedule in form satisfactory to the Administrative Agent of the computations used by ESM in determining compliance with the covenants contained in Sections 5.04(a) through (d).

(c) Annual Financials. As soon as available and in any event within 90 days after the end of each Fiscal Year, a copy of the annual audit report for such year for Limited and its Subsidiaries, including therein Consolidated and Consolidating balance sheets of Limited and its Subsidiaries as of the end of such Fiscal Year and Consolidated and Consolidating statements of income and a Consolidated statement of cash flows of Limited and its Subsidiaries for such Fiscal Year, in each case accompanied by an opinion reasonably acceptable to the Required Lenders of Ernst & Young LLP or other independent public accountants of recognized standing acceptable to the Required Lenders, together with (i) a certificate of such accounting firm addressed to the Lender Parties stating that in the course of the regular audit of the business of Limited and its Subsidiaries, which audit was conducted by such accounting firm in accordance with generally accepted auditing standards, such accounting firm has obtained no knowledge that a Default has occurred and is continuing, or if, in the opinion of such accounting firm, a Default has occurred and is continuing, a statement as to the nature thereof, (ii) a schedule in form satisfactory to the Administrative Agent of the computations used by such accountants in determining, as of the end of such Fiscal Year, compliance with the covenants contained in Sections 5.04(a) through (d) and (iii) a certificate of the chief financial officer of ESM stating that no Default has occurred and is continuing or, if a default has occurred and is continuing, a statement as to the nature thereof and the action that the Borrowers have taken and propose to take with respect thereto.

(d) Annual Forecasts. As soon as available and in any event no later than 15 days before the end of each Fiscal Year, forecasts prepared by management of the Borrowers, in form satisfactory to the Administrative Agent, of Consolidated balance sheets, income statements and cash flow statements on a quarterly basis for the Fiscal Year following such Fiscal Year then ended and on an annual basis for each Fiscal Year thereafter until 2001, together with a certificate of a Responsible Officer of ESM stating that such forecasts were prepared in good faith on the basis of assumptions which were believed to be reasonable at the time made in light of the conditions existing at the time of delivery of such forecasts, and represented, at the time of delivery, the Borrowers' best estimate of their future financial performance.

(e) Litigation. Promptly after the commencement thereof, notice of all actions, suits, investigations, litigation and proceedings before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting any Loan Party or any of its Subsidiaries of the type described in Section 4.01(i).

(f) Securities Reports. Promptly after the sending or filing thereof, copies of all proxy statements, financial statements and reports that any Loan Party or any of its Subsidiaries sends to its stockholders, and copies of all regular, periodic and special reports, and all registration statements, that any Loan Party or any of its Subsidiaries files with the Securities and Exchange Commission or any governmental authority that may be substituted therefor, or with any national securities exchange.

(g) Agreement Notices. Promptly upon receipt thereof, copies of all notices, requests and other documents received by any Loan Party or any of its Subsidiaries under or pursuant to any Related Document or indenture, loan or credit or similar agreement regarding or related to any breach or default by any party thereto or any other event that could materially impair the value of the interests or the rights of any Loan Party or otherwise have a Material Adverse Effect and copies of any amendment, modification or waiver of any provision of any Related Document or

indenture, loan or credit or similar agreement and, from time to time upon request by the Administrative Agent, such information and reports regarding the Related Documents as the Administrative Agent may reasonably request.

(h) Revenue Agent Reports. Within 10 days after receipt, copies of all Revenue Agent Reports (Internal Revenue Service Form 886), or other written proposals of the Internal Revenue Service, that propose, determine or otherwise set forth positive adjustments to the Federal income tax liability of the affiliated group (within the meaning of Section 1504(a)(1) of the Internal Revenue Code) of which any Borrower is a member aggregating \$3,000,000 or more.

(i) Tax Certificates. Promptly, and in any event within five Business Days after the due date (with extensions) for filing the final Federal income tax return in respect of each taxable year, a certificate (a "Tax Certificate"), signed by the President or the chief financial officer of ESM, stating that each of Amdocs Inc. and Sypress, Inc. has paid to the Internal Revenue Service or other taxing authority, or to such Borrower, the full amount that such affiliated group is required to pay in respect of Federal income tax for such year and that the Borrowers and their Subsidiaries have received any amounts payable to them, and have not paid amounts in respect of taxes (Federal, state, local or foreign) in excess of the amount they are required to pay, under the Tax Agreements in respect of such taxable year.

(j) Other Information. Such other information respecting the business, condition (financial or otherwise), operations, performance, properties or prospects of any Loan Party or any of its Subsidiaries as any Lender Party (through the Administrative Agent) may from time to time reasonably request in connection with its Commitment or Advances hereunder.

SECTION 5.04. Financial Covenants. So long as any Advance shall remain unpaid, any Letter of Credit shall be outstanding or any Lender Party shall have any Commitment hereunder, the following financial covenants shall be observed:

(a) Interest Coverage Ratio. Limited shall have maintained at the end of each fiscal quarter of Limited ending on or after September 30, 1998 a ratio of Consolidated EBITDA of Limited and its Subsidiaries to Annualized Interest Expense of not less than 3.50:1.00.

(b) Leverage Ratio. Limited shall have maintained at the end of each fiscal quarter of Limited ending on or after September 30, 1998 a Leverage Ratio of not more than 2.50:1.00.

(c) Fixed Charge Coverage Ratio. Limited shall have maintained at the end of each fiscal quarter of Limited ending on or after September 30, 1998 a ratio of (i) Consolidated EBITDA of Limited and its Subsidiaries minus Capital Expenditures of Limited and its Subsidiaries to the sum of (i) Annualized Interest Expense plus (ii) Scheduled Principal Payments of Limited and its Subsidiaries plus (iii) Cash Taxes payable by Limited and its Subsidiaries of, in the case of the fiscal quarter ended September 30, 1998, 1.75:1.00 and, in the case of each fiscal quarter ended on or after December 31, 1998, not less than 2.00:1.00.

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ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01. Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

(a) (i) any Borrower shall fail to pay any principal of any Advance when the same shall become due and payable or (ii) any Borrower shall fail to pay any interest on any Advance, or any Loan Party shall fail to make any other payment under any Loan Document, in each case under this clause (ii) within three Business Days after the same becomes due and payable; or

(b) any representation or warranty made by any Loan Party (or any of

its officers) under or in connection with any Loan Document shall prove to have been incorrect in any material respect when made; or

(c) any Borrower shall fail to perform or observe any term, covenant or agreement contained in Section 2.14, 5.01(d), (e), (j), (k) or (l), 5.02 or 5.03; or

(d) any Loan Party shall fail to perform any other term, covenant or agreement contained in any Loan Document on its part to be performed or observed if such failure shall remain unremedied for 10 Business Days after the earlier of the date on which (A) a Responsible Officer of any Loan Party becomes aware of such failure or (B) written notice thereof shall have been given to such Loan Party by the Administrative Agent or any Lender Party; or (e) any Loan Party, Amdocs (Israel) or any of their respective Subsidiaries shall fail to pay any principal of or premium or interest on any Debt that is outstanding in a principal or notional amount of at least \$10,000,000 either individually or in the aggregate (but excluding Debt outstanding hereunder) of such Loan Party, Amdocs (Israel) or such Subsidiary (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall not have been waived and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt or otherwise to cause, or to permit the holder thereof to cause, such Debt to mature; or any such Debt shall be declared to be due and payable or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity thereof; or

(f) any Loan Party, Amdocs (Israel) or any of their respective Subsidiaries shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against any Loan Party, Amdocs (Israel) or any of their respective Subsidiaries seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it) that is being diligently contested by it in good faith, either such proceeding shall remain undismissed or unstayed for a period of 60 days or any of

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the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or any substantial part of its property) shall occur; or any Loan Party, Amdocs (Israel) or any of their respective Subsidiaries shall take any corporate action to authorize any of the actions set forth above in this subsection (f); or

(g) any judgment or order for the payment of money in excess of \$10,000,000 shall be rendered against any Loan Party, Amdocs (Israel) or any of their respective Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect and such judgment or order remains unsatisfied; or

(h) any non-monetary judgment or order shall be rendered against any Loan Party, Amdocs (Israel) or any of their respective Subsidiaries that is reasonably likely to have a Material Adverse Effect, and there shall be

any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(i) any provision of any Loan Document after delivery thereof pursuant to Section 3.01, 5.01(k) or 5.01(l) shall for any reason cease to be valid and binding on or enforceable against any Loan Party party to it, or any such Loan Party shall so state in writing; or

(j) any Collateral Document after delivery thereof pursuant to Section 3.01, 5.01(k) or 5.01(l) shall for any reason (other than pursuant to the terms thereof) cease to create a valid and perfected first priority lien on and security interest in the Collateral purported to be covered thereby (other than Collateral which is de minimus in value), to the extent required by, and subject to exceptions permitted in the Loan Documents; or

(k) the Consolidated financial condition or results of operations of Limited and its Subsidiaries shall fail to be in compliance with any financial covenant contained in Section 5.04; or

(l) (i) during any period of up to 24 consecutive months, commencing after the date of this Agreement, individuals (or their designees or other individuals appointed by the same designating party) who at the beginning of such 24-month period were directors of Limited (together with any new directors whose election to the board of directors of Limited or whose nomination for election by the shareholders of Limited was approved by a vote of a majority of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) shall cease for any reason to constitute a majority of the board of directors of Limited; or (ii) any Person or two or more Persons acting in concert other than the Equity Investors or SBC International Inc. shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation, will result in its or their acquisition of the power to exercise, directly or indirectly, a controlling influence over the management or policies of Limited; or (iii) any Equity Investor shall create or suffer to exist any Lien on Voting Stock of Limited that effectively transfers the voting power thereof to a third party; or (iv) Limited shall create or suffer to exist any Lien on the Voting Stock of ESM; or (v) any Person or two or more Persons acting in concert (other than the Equity Investors, SBC International Inc. or Morris Kahn) shall have acquired beneficial ownership (within the meaning of Rule 14-d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934), directly or indirectly, of Voting Stock of Limited (or securities convertible into such Voting Stock) representing 20% or more of the combined voting power of all Voting Stock of Limited; or

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(m) any Loan Party or any ERISA Affiliate shall have any Multiemployer Plan or Multiple Employer Plan; or

(n) Limited shall conduct or engage in any business or activities other than those incidental to holding, or shall cease to own directly or indirectly 100% of, the capital stock of the Borrowers or Amdocs (Israel); or

(o) Amdocs (Israel) shall have failed to observe any provision contained in Article V of this Agreement to the same extent as if Amdocs (Israel) were a Borrower hereunder;

then, and in any such event, the Administrative Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrowers, declare the obligation of each Appropriate Lender to make Advances (other than Letter of Credit Advances by the Issuing Bank or a Lender pursuant to Section 2.03(c) and Swing Line Advances by a Lender pursuant to Section 2.02(b)) and of the Issuing Bank to issue Letters of Credit to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrowers, declare the Notes, all interest thereon and all other amounts payable under this Agreement and the other Loan Documents to be forthwith due and payable, whereupon the Notes, all such interest and all such amounts shall become and be forthwith due and

payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrowers; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to any Loan Party under the Federal Bankruptcy Code, (x) the obligation of each Lender to make Advances (other than Letter of Credit Advances by the Issuing Bank or a Lender pursuant to Section 2.03(c) and Swing Line Advances by a Lender pursuant to Section 2.02(b)) and of the Issuing Bank to issue Letters of Credit shall automatically be terminated and (y) the Notes, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrowers.

SECTION 6.02. Actions in Respect of the Letters of Credit upon Default. If any Event of Default shall have occurred and be continuing, the Administrative Agent may, or shall at the request of the Required Lenders, irrespective of whether it is taking any of the actions described in Section 6.01 or otherwise, make demand upon each Borrower to, and forthwith upon such demand such Borrower will, pay to the Administrative Agent on behalf of the Lender Parties in same day funds at the Administrative Agent's office designated in such demand, for deposit in the L/C Cash Collateral Account, an amount equal to the aggregate Available Amount of all Letters of Credit requested by such Borrower then outstanding. If at any time the Administrative Agent determines that any funds held in the L/C Cash Collateral Account are subject to any right or claim of any Person other than the Administrative Agent and the Lender Parties or that the total amount of such funds is less than the aggregate Available Amount of all Letters of Credit, the applicable Borrower will, forthwith upon demand by the Administrative Agent, pay to the Administrative Agent, as additional funds to be deposited and held in the L/C Cash Collateral Account, an amount equal to the excess of (a) such aggregate Available Amount over (b) the total amount of funds, if any, then held in the L/C Cash Collateral Account that the Administrative Agent determines to be free and clear of any such right and claim.

ARTICLE VII

ESM GUARANTY

SECTION 7.01. Guaranty. ESM hereby unconditionally and irrevocably guarantees the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all obligations of each other Loan Party organized under the laws of a jurisdiction outside of the United States now or hereafter existing

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under any Loan Document, whether for principal, interest, fees, expenses or otherwise (such obligations, to the extent not paid by such Loan Party, being the "Guaranteed Obligations"), and agrees to pay any and all expenses (including reasonable counsel fees and expenses) incurred by the Administrative Agent or the Lenders in enforcing any rights under this Guaranty. Without limiting the generality of the foregoing, ESM's liability shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by any other Loan Party to the Administrative Agent or any Lender Party under any Loan Document but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving any such Loan Party.

SECTION 7.02. Guaranty Absolute. ESM guarantees that the Guaranteed Obligations will be paid strictly in accordance with the terms of the Loan Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Administrative Agent or the Lender Parties with respect thereto. The obligations of ESM under this Article VII are independent of the Guaranteed Obligations, and a separate action or actions may be brought and prosecuted against ESM to enforce this Article VII, irrespective of whether any action is brought against any other Loan Party or whether any such Loan Party is joined in any such action or actions. The liability of ESM under this Article VII shall be irrevocable, absolute and unconditional irrespective of, and ESM hereby irrevocably waives any defenses it may now or hereafter have in any way relating to, any or all of the following:

- (a) any lack of validity or enforceability of any Loan Document or

any agreement or instrument relating thereto;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations, or any other amendment or waiver of or any consent to departure from any Loan Document, including, without limitation, any increase in the Guaranteed Obligations resulting from the extension of additional credit to any other Loan Party or otherwise;

(c) any taking, exchange, release or non-perfection of any Collateral, or any taking, release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Guaranteed Obligations;

(d) any change, restructuring or termination of the corporate structure or existence of any other Loan Party; or

(e) any other circumstance (including, without limitation, any statute of limitations) or any existence of or reliance on any representation by the Administrative Agent or any Lender Party that might otherwise constitute a defense available to, or a discharge of, ESM, any other Loan Party or any other guarantor or surety.

This Article VII shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by the Administrative Agent or any Lender Party upon the insolvency, bankruptcy or reorganization of any Loan Party or otherwise, all as though such payment had not been made.

SECTION 7.03. Waiver. ESM hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Guaranteed Obligations and this Article VII and any requirement that the Administrative Agent or any Lender Party exhaust any right or take any action against any other Loan Party or any other Person or any Collateral. ESM acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated herein and that the waiver set forth in this Section 7.03 is knowingly made in contemplation of such benefits. ESM hereby waives any right to revoke this Article VII, and acknowledges that

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this Article VII is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future.

SECTION 7.04. Continuing Guaranty; Assignments. This Article VII is a continuing guaranty and shall (a) remain in full force and effect until the later of the cash payment in full of the Guaranteed Obligations and all other amounts payable under this Article VII and the Termination Date, (b) be binding upon ESM, its successors and assigns and (c) inure to the benefit of and be enforceable by the Lender Parties, the Administrative Agent and their successors, transferees and assigns. Without limiting the generality of the foregoing clause (c), any Lender Party may assign or otherwise transfer all or any portion of its rights and obligations hereunder (including, without limitation, all or any portion of its Commitments, the Advances owing to it and the Note or Notes held by it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Lender Party herein or otherwise, in each case as provided in Section 9.07.

SECTION 7.05. Subrogation. ESM will not exercise any rights that it may now or hereafter acquire against any other Loan Party or any other insider guarantor that arise from the existence, payment, performance or enforcement of ESM's obligations under this Agreement, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of the Administrative Agent or any Lender Party against a Loan Party or any other insider guarantor or any Collateral, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from a Loan Party or any other insider guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security solely on account of such claim, remedy or right, unless and until all of the Guaranteed Obligations and all other amounts payable under this Article VII shall have been paid in full in cash and the Termination Date shall have occurred. If any amount shall be paid to ESM in violation of the preceding

sentence at any time prior to the later of the payment in full in cash of the Guaranteed Obligations and all other amounts payable under this Article VII and the Termination Date, such amount shall be held in trust for the benefit of the Administrative Agent and the Lender Parties and shall forthwith be paid to the Administrative Agent to be credited and applied to the Guaranteed Obligations and all other amounts payable under this Article VII, whether matured or unmatured, in accordance with the terms of this Agreement, or to be held as collateral for any Guaranteed Obligations or other amounts payable under this Article VII thereafter arising. If (i) ESM shall make payment to the Administrative Agent or any Lender Party of all or any part of the Guaranteed Obligations, (ii) all of the Guaranteed Obligations and all other amounts payable under this Article VII shall be paid in full in cash and (iii) the Termination Date shall have occurred, the Administrative Agent and the Lender Parties will, at ESM's request and expense, execute and deliver to ESM appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to ESM of an interest in the Guaranteed Obligations resulting from such payment by ESM.

ARTICLE VIII

THE AGENTS

SECTION 8.01. Authorization and Action. Each Lender Party (in its capacities as a Lender, the Swing Line Bank (if applicable), the Issuing Bank (if applicable) and a potential Hedge Bank) hereby irrevocably appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement and the other Loan Documents as are delegated to the Administrative Agent by the terms hereof and thereof, together with such powers and discretion as are reasonably incidental thereto. The Administrative Agent, its Affiliates and its or its Affiliates directors, officers, agents and employees shall not have any duties or responsibilities except that those expressly set forth in this Agreement and shall not be

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a trustee or fiduciary for any Lender Party. As to any matters not expressly provided for by the Loan Documents (including, without limitation, enforcement or collection of the Notes), the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions shall be binding upon all Lender Parties and all holders of Notes; provided, however, that the Administrative Agent shall not be required to take any action that exposes the Administrative Agent to personal liability or that is contrary to this Agreement, any Loan Document or applicable law or unless the Administrative Agent shall first be indemnified to its satisfaction by the Lender Parties against any and all liability and expense which may be incurred by the Administrative Agent by reason of taking any such action. Each Lender Party (in its capacities as a Lender, the Swing Line Bank (if applicable), the Issuing Bank (if applicable) and a potential Hedge Bank) hereby agrees that the Agents other than the Administrative Agent shall have no duties under this Agreement or applicable law. The Administrative Agent agrees to give to each Lender Party prompt notice of each notice given to it by the Borrowers pursuant to the terms of this Agreement.

SECTION 8.02. Administrative Agent's Reliance, Etc. Neither the Administrative Agent, its Affiliates nor any of its or its Affiliates' directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with the Loan Documents, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Administrative Agent: (a) may treat the payee of any Note as the holder thereof until the Administrative Agent receives and accepts an Assumption Agreement entered into by an Assuming Lender as provided in Section 2.16 or an Assignment and Acceptance entered into by the Lender that is the payee of such Note, as assignor, and an Eligible Assignee, as assignee, as provided in Section 9.07; (b) may consult with and rely on legal counsel (including counsel for any Loan Party), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (c) makes no warranty or representation to any Lender Party and shall not be

responsible to any Lender Party for any recitals, statements, warranties or representations (whether written or oral) made in or in connection with the Loan Documents or any certificate or other document referred to or provided for in, or received by any of them under, any Loan Document; (d) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of any Loan Document on the part of any Loan Party or to inspect the property (including the books and records) of any Loan Party; (e) shall not be responsible to any Lender Party for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, any Loan Document or any other instrument or document furnished pursuant thereto; (f) shall not be required to initiate or conduct any litigation or collection proceedings under any Loan Document; (g) shall be entitled to rely upon any certification, notice, instrument, writing or other communication (including, without limitation, any thereof by telephone or teletype) believed by it to be genuine and correct and to have been signed, sent or made by or on behalf of the proper Person or Persons; and (h) shall incur no liability under or in respect of any Loan Document by acting upon any notice, consent, certificate or other instrument or writing (which may be by telegram, teletype or telex) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 8.03. NationsBank and Affiliates. With respect to its Commitments, the Advances made by it and the Notes issued to it, NationsBank shall have the same rights and powers under the Loan Documents as any other Lender Party and may exercise the same as though it were not the Administrative Agent; and the term "Lender Party" or "Lender Parties" shall, unless otherwise expressly indicated, include NationsBank in its individual capacity. NationsBank (and any successor acting as Administrative Agent) and its affiliates may accept deposits from, lend money to, act as trustee under indentures of, accept investment banking engagements from, accept fees and other consideration from and generally engage in any kind of business with, any Loan Party, any of its Subsidiaries and any Person who may do business with or own securities of any Loan Party or any such Subsidiary, all as if NationsBank were not the Administrative Agent and without any duty to account therefor to the Lender Parties.

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SECTION 8.04. Lender Party Credit Decision. Each Lender Party acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender Party and based on the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the Loan Documents. Each Lender Party also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender Party and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the Loan Documents. Except for notices, reports and other documents and information expressly required to be furnished to the Lender Parties by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender Party with any credit or other information concerning the affairs, financial condition or business of any Loan Party or any of its Subsidiaries or Affiliates that may come into the possession of the Administrative Agent or any of its Affiliates.

SECTION 8.05. Indemnification. (a) Each Lender Party severally agrees to indemnify the Administrative Agent (to the extent not promptly reimbursed by the Borrowers) from and against such Lender Party's ratable share (determined as provided below) of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Administrative Agent in any way relating to or arising out of the Loan Documents or any action taken or omitted by the Administrative Agent under the Loan Documents (including any of the foregoing arising from the negligence of the Administrative Agent); provided, however, that no Lender Party shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct or breach of its obligations set forth in this Agreement. Without limitation of the foregoing, each Lender Party agrees to reimburse the Administrative Agent promptly upon demand for its ratable share of any costs and expenses (including,

without limitation, fees and expenses of counsel) payable by the Borrowers under Section 9.04, to the extent that the Administrative Agent is not promptly reimbursed for such costs and expenses by the Borrowers. For purposes of this Section 8.05(a), the Lender Parties' respective ratable shares of any amount shall be determined, at any time, according to the sum of (a) the aggregate principal amount of the Advances outstanding at such time and owing to the respective Lender Parties, (b) their respective Pro Rata Shares of the aggregate Available Amount of all Letters of Credit outstanding at such time and (c) their respective Unused Revolving Credit Commitments at such time; provided that the aggregate principal amount of Swing Line Advances owing to the Swing Line Bank and of Letter of Credit Advances owing to the Issuing Bank shall be considered to be owed to the Revolving Credit Lenders ratably in accordance with their respective Revolving Credit Commitments. In the event that any Defaulted Advance shall be owing by any Defaulting Lender at any time, such Lender Party's Commitment with respect to the Facility under which such Defaulted Advance was required to have been made shall be considered to be unused for purposes of this Section 8.05(a) to the extent of the amount of such Defaulted Advance. The failure of any Lender Party to reimburse the Administrative Agent promptly upon demand for its ratable share of any amount required to be paid by the Lender Party to the Administrative Agent as provided herein shall not relieve any other Lender Party of its obligation hereunder to reimburse the Administrative Agent for its ratable share of such amount, but no Lender Party shall be responsible for the failure of any other Lender Party to reimburse the Administrative Agent for such other Lender Party's ratable share of such amount. Without prejudice to the survival of any other agreement of any Lender Party hereunder, the agreement and obligations of each Lender Party contained in this Section 8.05(a) shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the other Loan Documents.

(b) Each Lender Party severally agrees to indemnify the Issuing Bank (to the extent not promptly reimbursed by the Borrowers) from and against such Lender Party's ratable share (determined as provided below) of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Issuing Bank in any way relating to or arising out of the Loan Documents or any action taken or

omitted by the Issuing Bank under the Loan Documents; provided, however, that no Lender Party shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Issuing Bank's gross negligence or willful misconduct or breach of its obligations set forth in this Agreement. Without limitation of the foregoing, each Lender Party agrees to reimburse the Issuing Bank promptly upon demand for its ratable share of any costs and expenses (including, without limitation, fees and expenses of counsel) payable by the Borrowers under Section 9.04, to the extent that the Issuing Bank is not promptly reimbursed for such costs and expenses by such Borrowers. For purposes of this Section 8.05(b), the Lender Parties' respective ratable shares of any amount shall be determined, at any time, according to the sum of (a) the aggregate principal amount of the Advances outstanding at such time and owing to the respective Lender Parties, (b) their respective Pro Rata Shares of the aggregate Available Amount of all Letters of Credit outstanding at such time plus (c) their respective Unused Revolving Credit Commitments at such time; provided that the aggregate principal amount of Swing Line Advances owing to the Swing Line Bank and of Letter of Credit Advances owing to the Issuing Bank shall be considered to be owed to the Lenders ratably in accordance with their respective Revolving Credit Commitments. In the event that any Defaulted Advance shall be owing by any Defaulting Lender at any time, such Lender Party's Commitment with respect to the Facility under which such Defaulted Advance was required to have been made shall be considered to be unused for purposes of this Section 8.05(b) to the extent of the amount of such Defaulted Advance. The failure of any Lender Party to reimburse the Issuing Bank promptly upon demand for its ratable share of any amount required to be paid by the Lender Parties to the Issuing Bank as provided herein shall not relieve any other Lender Party of its obligation hereunder to reimburse the Issuing Bank for its ratable share of such amount, but no Lender Party shall be responsible for the failure of any other Lender Party to reimburse the Issuing Bank for such other Lender Party's ratable share of such amount. Without prejudice to the survival of any other agreement of any Lender Party hereunder, the agreement and obligations of each Lender Party contained in this Section 8.05(b) shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the

other Loan Documents.

SECTION 8.06. Successor Administrative Agent. The Administrative Agent may resign as to any or all of the Facilities at any time by giving written notice thereof to the Lender Parties and the Borrowers and may be removed as to all of the Facilities at any time with or without cause by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint a successor Administrative Agent as to such of the Facilities as to which the Administrative Agent has resigned or been removed. If no successor Administrative Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent's giving of notice of resignation or the Required Lenders' removal of the retiring Administrative Agent, then the retiring Administrative Agent may, on behalf of the Lender Parties, appoint a successor Administrative Agent, which successor Administrative Agent shall be a commercial bank organized under the laws of the United States or of any State thereof and having a combined capital and surplus of at least \$250,000,000. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent as to all of the Facilities and upon the execution and filing or recording of such financing statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Required Lenders may request, in order to continue the perfection of the Liens granted or purported to be granted by the Collateral Documents, such successor Administrative Agent shall succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under the Loan Documents. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent as to less than all of the Facilities and upon the execution and filing or recording of such financing statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Required Lenders may request, in order to continue the perfection of the Liens granted or purported to be granted by the Collateral Documents, such successor Administrative Agent shall succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Administrative Agent as to such Facilities, other than with respect to funds transfers and other similar aspects of the administration of

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Borrowings under such Facilities, issuances of Letters of Credit (notwithstanding any resignation as Administrative Agent with respect to the Letter of Credit Facility) and payments by the Borrowers in respect of such Facilities, and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement as to such Facilities, other than as aforesaid. After any retiring Administrative Agent's resignation or removal hereunder as Administrative Agent as to all of the Facilities, the provisions of this Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent as to any Facilities under this Agreement.

SECTION 8.07. Defaults. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of a Default unless the Administrative Agent has received written notice from a Lender Party or a Borrower specifying such Default and stating that such notice is a "Notice of Default". In the event that the Administrative Agent receives such a Notice of Default, the Administrative Agent shall give prompt notice thereof to the Lender Parties. The Administrative Agent shall (subject to Article VI) take such action with respect to such Default as shall reasonably be directed by the Required Lenders; provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default as it shall deem advisable in the best interest of the Lender Parties.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement or the Notes or any other Loan Document, nor consent to any departure by any Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed (or, in the case of the

Collateral Documents, consented to) by the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that (a) no amendment, waiver or consent shall, unless in writing and signed by all of the Lenders (other than any Lender Party that is, at such time, a Defaulting Lender), do any of the following at any time: (i) waive any of the conditions specified in Section 3.01 or, in the case of the Initial Extension of Credit, Section 3.02, (ii) change the number of Lenders or the percentage of (x) the Commitments, (y) the aggregate unpaid principal amount of the Advances or (z) the aggregate Available Amount of outstanding Letters of Credit that, in each case, shall be required for the Lenders or any of them to take any action hereunder, (iii) reduce or limit the obligations of the Guarantor under Section 1 of the Guaranty or otherwise limit the Guarantor's liability with respect to the Obligations owing to the Administrative Agent and the Lender Parties, (iv) release all or substantially all of the Collateral in any transaction or series of related transactions or permit the creation, incurrence, assumption or existence of any Lien on all or substantially all of the Collateral in any transaction or series of related transactions to secure any Obligations other than Obligations owing to the Secured Parties under the Loan Documents, (v) amend this Section 9.01, or (vi) limit the liability of any Loan Party under any of the Loan Documents and (b) no amendment, waiver or consent shall, unless in writing and signed by the Required Lenders and each Lender that is affected by such amendment, waiver or consent, (i) increase the Commitments of such Lender or subject such Lender to any additional obligations, (ii) reduce the principal of, or interest on, Advances payable to such Lender or any fees or other amounts payable hereunder to such Lender, (iii) postpone any date fixed for any payment of principal of, or interest on, the Advances payable to such Lender or any fees or other amounts payable hereunder to such Lender or (iv) change the order of application of any prepayment set forth in Section 2.06 in any manner that materially affects such Lender; provided further that no amendment, waiver or consent shall, unless in writing and signed by the Swing Line Bank or the Issuing Bank, as the case may be, in addition to the Lenders required above to take such action, affect the rights or obligations of the Swing Line Bank or of the Issuing Bank, as the case may be, under this Agreement; and provided further that no amendment, waiver or consent shall, unless in writing and

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signed by the Administrative Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Administrative Agent under this Agreement.

SECTION 9.02. Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telegraphic, teletype or telex communication) and mailed, telegraphed, telecopied, telexed or delivered, if to ESM, at its address at Sarnia Management Corporation Limited, P.O. Box 263, Suite 5, Tower Hill House, Bordage, St. Peter Port, Guernsey, Channel Islands GY13QT, Attention Lisa Davey; if to Amdocs UK, at its address at Taylor, Joynson, Garrett, Carmelite, 50 Victoria Embankment, Blackfriars, London EC4Y 0DX, UK, Attention: Diarnuid Cumming; if to Amdocs Inc., at its address at 1610 Des Peres Road, Suite 170, St. Louis, Missouri 63131, USA, Attention: Thomas G. O'Brien; if to CADET, at its address at 2129 Barrett Station Road, Suite 302, St. Louis, Missouri 63131, USA, Attention: Amos Galon; if to Amdocs USA, at its address at 1610 Des Peres Road, Suite 170, St. Louis, Missouri 63131 USA, Attention: Jeffery D. Wilson; if to any Initial Lender or the Initial Issuing Bank, at its Domestic Lending Office specified opposite its name on Schedule I hereto; if to any other Lender Party, at its Domestic Lending Office specified in the Assignment and Acceptance pursuant to which it became a Lender Party; and if to the Administrative Agent, at its address at 901 Main Street, Dallas, Texas 75202, Attention: Yousef Omar; or, as to the Borrowers or the Administrative Agent, at such other address as shall be designated by such party in a written notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to ESM and the Administrative Agent. All such notices and communications shall, when mailed, telegraphed, telecopied or telexed, be effective when deposited in the mails, delivered to the telegraph company, transmitted by telecopier or confirmed by telex answerback, respectively, except that notices and communications to the Administrative Agent pursuant to Article II, III or VII shall not be effective until received by the Administrative Agent. Delivery by telecopier of an executed counterpart of any amendment or waiver of any provision of this Agreement or the Notes or of any Exhibit hereto to be executed and delivered hereunder shall be effective as delivery of a manually executed counterpart thereof.

SECTION 9.03. No Waiver; Remedies. No failure on the part of any Lender Party or the Administrative Agent to exercise, and no delay in exercising, any right hereunder or under any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 9.04. Costs and Expenses. (a) The Borrowers jointly and severally agree to pay on demand (i) all reasonable costs and expenses of the Administrative Agent and the Arrangers in connection with the preparation, execution, delivery, administration, modification and amendment of the Loan Documents (including, without limitation, (A) all reasonable due diligence, collateral review, syndication, transportation, computer, duplication, appraisal, audit, insurance, consultant, search, filing and recording fees and expenses and (B) the reasonable fees and expenses of counsel for the Administrative Agent with respect thereto, with respect to advising the Administrative Agent as to its rights and responsibilities, or the perfection, protection or preservation of rights or interests, under the Loan Documents, with respect to negotiations with any Loan Party or with other creditors of any Loan Party or any of its Subsidiaries arising out of any Default or any events or circumstances that may give rise to a Default and with respect to presenting claims in or otherwise participating in or monitoring any bankruptcy, insolvency or other similar proceeding involving creditors' rights generally and any proceeding ancillary thereto) and (ii) all costs and expenses of the Administrative Agent and the Lender Parties in connection with the enforcement of the Loan Documents, whether in any action, suit or litigation, any bankruptcy, insolvency or other similar proceeding affecting creditors' rights generally (including, without limitation, the reasonable fees and expenses of counsel for the Administrative Agent and each Lender Party with respect thereto).

(b) Each Borrower agrees to indemnify and hold harmless the Administrative Agent, each Lender Party and each of their Affiliates and their officers, directors, employees, agents and advisors (each, an

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"Indemnified Party") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of (including, without limitation, in connection with any investigation, litigation or proceeding or preparation of a defense in connection therewith) (i) the Facilities, the actual or proposed use of the proceeds of the Advances or the Letters of Credit, the Loan Documents or any of the transactions contemplated thereby, including, without limitation, any acquisition or proposed acquisition (including, without limitation, the transactions contemplated hereby) by the Equity Investors or any of their Subsidiaries or Affiliates of all or any portion of the stock or substantially all the assets of Limited or any of its Subsidiaries or (ii) the actual or alleged presence of Hazardous Materials on any property of any Loan Party or any of its Subsidiaries or any Environmental Action relating in any way to any Loan Party or any of its Subsidiaries, except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct or breach of the obligations of such Indemnified Party set forth in this Agreement. In the case of an investigation, litigation or other proceeding to which the indemnity in this Section 9.04(b) applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by any Loan Party, its directors, shareholders or creditors or an Indemnified Party or any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated. The Borrowers also agree not to assert any claim against the Administrative Agent, any Lender Party or any of their Affiliates, or any of their respective officers, directors, employees, attorneys and agents, on any theory of liability, for special, indirect, consequential or punitive damages arising out of or otherwise relating to the Facilities, the actual or proposed use of the proceeds of the Advances or the Letters of Credit, the Loan Documents or any of the transactions contemplated thereby.

(c) If any payment of principal of, or Conversion of, any Eurodollar

Rate Advance is made by any Borrower to or for the account of a Lender Party other than on the last day of the Interest Period for such Advance, as a result of a payment or Conversion pursuant to Section 2.09(b)(i) or 2.10(d), acceleration of the maturity of the Notes pursuant to Section 6.01 or for any other reason, such Borrower shall, upon demand by such Lender Party (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender Party any amounts required to compensate such Lender Party for any additional losses, costs or expenses that it may reasonably incur as a result of such payment, including, without limitation, any loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender Party to fund or maintain such Advance.

(d) If any Loan Party fails to pay when due any costs, expenses or other amounts payable by it under any Loan Document, including, without limitation, fees and expenses of counsel and indemnities, such amount may be paid on behalf of such Loan Party by the Administrative Agent or any Lender Party, in its sole discretion.

(e) Without prejudice to the survival of any other agreement of any Loan Party hereunder or under any other Loan Document, the agreements and obligations of the Borrowers contained in Sections 2.10 and 2.12 and this Section 9.04 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under any of the other Loan Documents.

SECTION 9.05. Right of Set-off. Upon (a) the occurrence and during the continuance of any Event of Default and (b) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Administrative Agent to declare the Notes due and payable pursuant to the provisions of Section 6.01, each Lender Party and each of its respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and otherwise apply any and all deposits (general or special, time or demand, provisional or final) other than payroll accounts maintained in the ordinary course of business at any time held and other indebtedness at any time owing by such Lender Party or such Affiliate to or for

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the credit or the account of any Borrower against any and all of the Obligations of such Borrower now or hereafter existing under this Agreement and the Note or Notes (if any) held by such Lender Party, irrespective of whether such Lender Party shall have made any demand under this Agreement or such Note or Notes and although such obligations may be unmatured. Each Lender Party agrees promptly to notify the applicable Borrower after any such set-off and application; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender Party and its respective Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender Party and its respective Affiliates may have.

SECTION 9.06. Binding Effect. This Agreement shall become effective when it shall have been executed by the Borrowers and the Administrative Agent and when the Administrative Agent shall have been notified by each Initial Lender and the Initial Issuing Bank that such Initial Lender and the Initial Issuing Bank has executed it and thereafter shall be binding upon and inure to the benefit of the Borrowers, the Administrative Agent and each Lender Party and their respective successors and assigns, except that no Borrower shall have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lender Parties.

SECTION 9.07. Assignments and Participations. (a) Each Lender may assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment or Commitments, the Advances owing to it and the Note or Notes held by it); provided, however, that (i) each such assignment shall be of a uniform, and not a varying, percentage of all rights and obligations under and in respect of one or more Facilities, (ii) except in the case of an assignment to a Person that, immediately prior to such assignment, was a Lender or an assignment of all of a Lender's rights and obligations under this Agreement, the amount of the Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than

\$5,000,000, (iii) each such assignment shall be to an Eligible Assignee, (iv) no such assignments shall be permitted without the consent of the Administrative Agent until the Administrative Agent shall have notified the Lender Parties that syndication of the Commitments hereunder has been completed, (v) each of the Administrative Agent and, so long as no Default has occurred and is continuing, ESM has consented to such assignment (which consent shall not be unreasonably withheld or delayed, and such approval shall be deemed given by ESM if no objection is received by the assigning Lender and the Administrative Agent within two Business Days after notice of such proposed assignment is delivered to ESM) and (vi) the parties to each such assignment shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with any Note or Notes subject to such assignment and a processing and recordation fee of \$3,500.

(b) Upon such execution, delivery, acceptance and recording, from and after the effective date specified in such Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender or Issuing Bank, as the case may be, hereunder and (y) the Lender or Issuing Bank assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's or Issuing Bank's rights and obligations under this Agreement, such Lender or Issuing Bank shall cease to be a party hereto).

(c) By executing and delivering an Assignment and Acceptance, the Lender Party assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender Party makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or any other Loan Document or the execution,

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legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, this Agreement or any other Loan Document or any other instrument or document furnished pursuant hereto or thereto; (ii) such assigning Lender Party makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrowers or any other Loan Party or the performance or observance by any Loan Party of any of its obligations under any Loan Document or any other instrument or document furnished pursuant thereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Administrative Agent, such assigning Lender Party or any other Lender Party and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Loan Documents as are delegated to the Administrative Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender or Issuing Bank, as the case may be.

(d) The Administrative Agent, acting for this purpose (but only for this purpose) as the agent of the Borrowers, shall maintain at its address referred to in Section 9.02 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lender Parties and the Commitment under each Facility of, and principal amount of the Advances owing under each Facility to, each Lender Party from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrowers, the Administrative Agent and the Lender Parties shall treat each Person whose name is recorded in the Register as a Lender Party hereunder for

all purposes of this Agreement. The Register shall be available for inspection by any Borrower or any Lender Party at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender Party and an assignee, together with any Note or Notes subject to such assignment, the Administrative Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit C hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to ESM. In the case of any assignment by a Lender, within five Business Days after its receipt of such notice, each Borrower, at its own expense, shall execute and deliver to the Administrative Agent in exchange for the surrendered Note or Notes a new Note to the order of such Eligible Assignee in an amount equal to the Commitment assumed by it under a Facility pursuant to such Assignment and Acceptance and, if the assigning Lender has retained a Commitment hereunder under such Facility, a new Note to the order of the assigning Lender in an amount equal to the Commitment retained by it hereunder. Such new Note or Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered Note or Notes, shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of Exhibit A hereto.

(f) The Issuing Bank may assign to an Eligible Assignee all of its rights and obligations under the undrawn portion of its Letter of Credit Commitment at any time; provided, however, that (i) each such assignment shall be to an Eligible Assignee, (ii) each of the Administrative Agent and, so long as no Default has occurred and is continuing, ESM has consented to such assignment (which consent shall not be unreasonably withheld or delayed, and such approval shall be deemed given by ESM if no objection is received by the Issuing Bank and the Administrative Agent from ESM within two Business Days after notice of such proposed assignment is delivered to ESM) and (iii) the parties to each such assignment shall execute and deliver to the Administrative

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Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with a processing and recordation fee of \$3,500.

(g) Each Lender Party may sell participations to one or more Persons (other than any Loan Party or any of its Affiliates) in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitments, the Advances owing to it and the Note or Notes (if any) held by it); provided, however, that (i) the amount of the Commitment or Advances being participated shall in no event be less than \$5,000,000, (ii) such Lender Party's obligations under this Agreement (including, without limitation, its Commitments) shall remain unchanged as if it had not sold such participation, (iii) such Lender Party shall remain solely responsible to the other parties hereto for the performance of such obligations, (iv) such Lender Party shall remain the holder of any such Note for all purposes of this Agreement, (v) the Borrowers, the Administrative Agent and the other Lender Parties shall continue to deal solely and directly with such Lender Party in connection with such Lender Party's rights and obligations under this Agreement and (vi) no participant under any such participation shall have any right under any Loan Document, including without limitation the right to require such Lender Party to take or to omit to take any action hereunder or approve any amendment or waiver of any provision of any Loan Document, or any consent to any departure by any Loan Party therefrom, except to the extent that such amendment, waiver or consent would reduce or postpone the date fixed for any payment of the principal of, or interest on, the Notes or any fees or other amounts payable hereunder (except any reductions specified in this Agreement), in each case to the extent subject to such participation, or release all or substantially all of the Collateral. Except in the case of the sale of a participating interest to another Lender Party, the relevant participation agreement shall prohibit the participant from transferring, pledging, assigning, selling participations in, or otherwise encumbering its portion of such Lender Party's obligations hereunder.

(h) Any Lender Party may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 9.07, disclose to the assignee or participant or proposed assignee or participant, any information relating to the Borrowers furnished to such Lender Party by or on behalf of the Borrowers; provided, however, that, prior to any

such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any Confidential Information received by it from such Lender Party by executing a confidentiality agreement in the form of Exhibit K hereto with such Lender Party. Such Lender Party shall notify the Borrowers in writing of the identity of any assignee or proposed assignee, and, upon request, such Lender Party shall provide any Borrower with a copy of such executed confidentiality agreement.

(i) Notwithstanding any other provision set forth in this Agreement, any Lender Party may at any time create a security interest in all or any portion of its rights under this Agreement (including, without limitation, the Advances owing to it and the Note or Notes held by it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

SECTION 9.08. Execution in Counterparts. This Agreement and each other Loan Document may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement or any other Loan Document (other than the Notes) by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement or such other Loan document, as the case may be.

SECTION 9.09. No Liability of the Issuing Bank. Each Borrower assumes all risks of the acts or omissions of any beneficiary or transferee of any Letter of Credit with respect to its use of such Letter of Credit. Neither the Issuing Bank nor any of its officers or directors shall be liable or responsible for: (a) the use that may be made of any Letter of Credit or any acts or omissions of any beneficiary or transferee in connection therewith; (b) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents

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should prove to be in any or all respects invalid, insufficient, fraudulent or forged; (c) payment by the Issuing Bank against presentation of documents that do not comply with the terms of a Letter of Credit, including failure of any documents to bear any reference or adequate reference to the Letter of Credit; or (d) any other circumstances whatsoever in making or failing to make payment under any Letter of Credit, except that such Borrower shall have a claim against the Issuing Bank, and the Issuing Bank shall be liable to such Borrower, to the extent of any direct, but not consequential, damages suffered by such Borrower that such Borrower proves were caused by (i) the Issuing Bank's willful misconduct or gross negligence in determining whether documents presented under any Letter of Credit comply with the terms of the Letter of Credit or (ii) the Issuing Bank's willful failure to make lawful payment under a Letter of Credit after the presentation to it of a draft and certificates strictly complying with the terms and conditions of the Letter of Credit. In furtherance and not in limitation of the foregoing, the Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

SECTION 9.10. Confidentiality. Neither the Administrative Agent nor any Lender Party shall disclose any Confidential Information to any Person without the consent of ESM, other than (a) to the Administrative Agent's or such Lender Party's Affiliates and their officers, directors, employees, agents and advisors and to actual or prospective Eligible Assignees and participants, and then only on a confidential basis, (b) as required by any law, rule or regulation or judicial process and (c) as requested or required by any state, federal or foreign authority or examiner regulating banks or banking and then only to such authority or examiner or the authority to which such examiner reports.

SECTION 9.11. Governing Law. This Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 9.12. Jurisdiction, Etc. (a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this

Agreement, the Notes, or any of the Loan Documents to which it is a party, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. The Borrowers hereby agree that service of process in any such action or proceeding brought in any such New York State court or in such federal court may be made upon CT Corporation System at its offices at 1633 Broadway, New York, New York 10019, Attention: Jennifer Leigh Morgia (the "Process Agent"), and hereby further agrees that any failure of the Process Agent to give any notice of any such service to any Borrower shall not impair or affect the validity of such service or of any judgment rendered in any action or proceeding based thereon. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement, the Notes or any other Loan Document in the courts of any jurisdiction.

(b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement, the Notes or any of the Loan Documents to which it is a party in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) To the extent that any Borrower has or hereafter may acquire any immunity from the jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to

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judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, such Borrower hereby irrevocably waives such immunity in respect of its obligations under this Agreement and the other Loan Documents.

SECTION 9.13. Judgment. (a) Rate of Exchange. If, for the purpose of obtaining judgment in any court, it is necessary to convert a sum due hereunder or under any other Loan Document in another currency into U.S. dollars, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which, in accordance with normal banking procedures, the Administrative Agent could purchase such other currency with U.S. dollars in New York City, New York, at the close of business on the Business Day immediately preceding the day on which final judgment is given, together with any premiums and costs of exchange payable in connection with such purchase.

(b) Currency Indemnity. The obligation of the Borrowers in respect of any sum due from it to the Administrative Agent or any Lender hereunder or under any other Loan Document shall, notwithstanding any judgment in a currency other than U.S. dollars, be discharged only to the extent that on the Business Day next succeeding receipt by the Administrative Agent or such Lender of any sum adjudged to be so due in such other currency, the Administrative Agent or such Lender, as the case may be, may, in accordance with normal banking procedures, purchase U.S. dollars with such other currency. If the U.S. dollars so purchased are less than the sum originally due to the Administrative Agent or such Lender in U.S. dollars, each Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent or such Lender against such loss, and if the U.S. dollars so purchased exceed the sum originally due to the Administrative Agent or any Lender in U.S. dollars, the Administrative Agent or such Lender agrees to remit to such Borrower such excess.

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SECTION 9.14. Waiver of Jury Trial. Each of the Borrowers, the Administrative Agent and the Lender Parties irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to any of the Loan Documents, the Advances or the actions of the Administrative Agent or any Lender Party in the negotiation, administration, performance or enforcement thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BORROWERS

EUROPEAN SOFTWARE MARKETING LTD.

By _____
Title:

By _____
Title:

AMDOCS (U.K.) LTD.

By _____
Title:

AMDOCS, INC.

By _____
Title:

CANADIAN DIRECTORY TECHNOLOGY LTD.

By _____
Title:

AMDOCS (USA), INC.

By _____
Title:

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ADMINISTRATIVE AGENT

NATIONSBANK, N.A., as Administrative Agent

By _____
Title:

INITIAL LENDERS

NATIONSBANK, N.A.

By _____
Title:

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THE BANK OF NOVA SCOTIA

By _____
Title:

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THE INDUSTRIAL BANK OF JAPAN, LTD.

By _____
Title:

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FLEET BANK, N.A.

By _____
Title:

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SCHEDULE I

COMMITMENTS AND APPLICABLE LENDING OFFICES

NAME OF INITIAL LENDER	Revolving Credit Commitment	Letter of Credit Commitment	Domestic Lending Office	Eurodollar Lending Office
NationsBank, N.A.	\$25,000,000	\$3,333,333.34	901 Main Street Dallas, TX 75202	901 Main Street Dallas, TX 75202
The Bank of Nova Scotia	\$25,000,000	\$3,333,333.33	One Liberty Plaza 26th Floor New York, NY 10006	One Liberty Plaza 26th Floor New York, NY 10006
The Industrial Bank of Japan, Ltd.	\$25,000,000	\$3,333,333.33	New York Branch 1251 Avenue of the Americas New York, NY 10020-1104	New York Branch 1251 Avenue of the Americas New York, NY 10020-1104
Fleet Bank, N.A.	\$15,000,000		One Federal Street Mail Stop MA0FD07A Boston, MA 02110 Attn: Pauline Kowalezyk	One Federal Street Mail Stop MA0FD07A Boston, MA 02110 Attn: Pauline Kowalezyk

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EXHIBIT A
REVOLVING CREDIT
PROMISSORY NOTE

Up to \$ _____

Dated: June __, 1998

FOR VALUE RECEIVED, the undersigned, _____,
_____, a _____ corporation (the "Borrower"), HEREBY
PROMISES TO PAY to the order of _____ (the "Lender") for the
account of its Applicable Lending Office (as defined in the Credit Agreement
referred to below) the aggregate principal amount of the Revolving Credit
Advances (as defined below) owing to the Lender by the Borrower pursuant to the
Credit Agreement dated as of June __, 1998 (as amended, supplemented or
otherwise modified from time to time, the "Credit Agreement"; terms defined
therein being used herein as therein defined) among the Borrower, certain other
Borrowers party thereto, the Lender and certain other lender parties party
thereto, and NationsBank, N.A., as Administrative Agent for the Lender and such
other lender parties, on the Termination Date.

The Borrower promises to pay interest on the unpaid principal
amount of each Revolving Credit Advance from the date of such Revolving Credit
Advance until such principal amount is paid in full, at such interest rates, and
payable at such times, as are specified in the Credit Agreement.

Both principal and interest are payable in lawful money of the
United States of America to NationsBank, N.A., as Administrative Agent, at 901
Main Street, Dallas, Texas 75202, in same day funds. Each Revolving Credit
Advance owing to the Lender by the Borrower and the maturity thereof, and all
payments made on account of principal thereof, shall be recorded by the Lender
and, prior to any transfer hereof, endorsed on the grid attached hereto, which
is part of this Promissory Note.

This Promissory Note is one of the Notes referred to in, and

is entitled to the benefits of, the Credit Agreement. The Credit Agreement, among other things, (i) provides for the making of advances (the "Revolving Credit Advances") by the Lender to the Borrower from time to time in an aggregate amount not to exceed at any time outstanding the US dollar amount first above mentioned, the indebtedness of the Borrower resulting from each such Revolving Credit Advance being evidenced by this Promissory Note, and (ii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified. The obligations of the Borrower under this Promissory Note, and the obligations of the other Loan Parties under the Loan Documents, are secured by the Collateral as and to the extent provided in the Loan Documents.

[NAME OF BORROWER]

By _____
Title:

[By _____
Title:]

EXHIBIT B
TO THE CREDIT AGREEMENT

FORM OF NOTICE OF BORROWING

NationsBank, N.A.,
as Administrative Agent
under the Credit Agreement
referred to below

[Date]

Attention: _____

Ladies and Gentlemen:

The undersigned, [Name of Borrower], refers to the Credit Agreement dated as of June 29, 1998 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement", the terms defined therein being used herein as therein defined), among the undersigned, certain other Borrowers party thereto, certain Lender Parties party thereto, and NationsBank, N.A., as Administrative Agent for said Lender Parties, and hereby gives you notice, irrevocably, pursuant to Section 2.02 of the Credit Agreement that the undersigned hereby requests a Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Borrowing (the "Proposed Borrowing") as required by Section 2.02(a) of the Credit Agreement:

(i) The Business Day of the Proposed Borrowing is _____
__, 199_.

(ii) The Facility under which the Proposed Borrowing is requested is the _____ Facility.

(iii) The Type of Advances comprising the Proposed Borrowing is [Base Rate Advances] [Eurodollar Rate Advances].

(iv) The aggregate amount of the Proposed Borrowing is \$_____.

(v) The initial Interest Period for each Eurodollar Rate Advance made as part of the Proposed Borrowing is _____ month[s].]

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

(A) the representations and warranties set forth in Section

4.01 (a) through (f), (i), (j), (w) and (x) of the Credit Agreement are correct in all material respects on and as of the date of the Proposed Borrowing, before and after giving effect to the Proposed Borrowing and to the application of the proceeds therefrom, as though made on and as of such date (other than any such representations and warranties that, by their terms, are made as of a date other than the date of the Proposed Borrowing); and

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(B) no event has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds therefrom, that constitutes a Default.

Very truly yours,

[NAME OF BORROWER]

By _____
Title:

[By _____
Title:]

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EXHIBIT C
TO THE CREDIT AGREEMENT

FORM OF ASSIGNMENT AND ACCEPTANCE

Reference is made to the Credit Agreement dated as of June 29, 1998 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement") among European Software Marketing Ltd. and certain other Borrowers (as defined in the Credit Agreement), the Lender Parties (as defined in the Credit Agreement), and NationsBank, N.A., as administrative agent for the Lender Parties (the "Administrative Agent"). Terms defined in the Credit Agreement are used herein with the same meaning.

The "Assignor" and the "Assignee" referred to on Schedule 1 hereto agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, an interest in and to the Assignor's rights and obligations under the Credit Agreement as of the date hereof equal to the percentage interest specified on Schedule 1 hereto of all outstanding rights and obligations under the Credit Agreement Facility or Facilities specified on Schedule 1 hereto. After giving effect to such sale and assignment, the Assignee's Commitments and the amount of the Advances owing to the Assignee will be as set forth on Schedule 1 hereto.

2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Loan Documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, the Loan Documents or any other instrument or document furnished pursuant thereto; and (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Loan Party or the performance or observance by any Loan Party of any of its obligations under any Loan Document or any other instrument or document furnished pursuant thereto; and (iv) attaches the Note or Notes held by the Assignor and requests that the Administrative Agent exchange such Note or Notes for a new Note or Notes payable to the order of the Assignee in an amount equal to the Commitments assumed by the Assignee pursuant hereto or new Notes payable to the order of the Assignee in an amount equal to the Commitments assumed by the Assignee pursuant hereto

and the Assignor in an amount equal to the Commitments retained by the Assignor under the Credit Agreement, respectively, as specified on Schedule 1 hereto.

3. The Assignee (i) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 4.01 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (ii) agrees that it will, independently and without reliance upon the Administrative Agent, the Assignor or any other Lender Party and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) confirms that it is an Eligible Assignee; (iv) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Loan Documents as are delegated to the Administrative Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; (v) agrees that it will perform in accordance with their terms all of the obligations that by the terms of the Credit Agreement are required to be performed by it as a Lender Party; and (vi) attaches any US Internal Revenue Service forms required under Section 2.12 of the Credit Agreement.

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4. Following the execution of this Assignment and Acceptance, it will be delivered to the Administrative Agent for acceptance and recording by the Administrative Agent. The effective date for this Assignment and Acceptance (the "Effective Date") shall be the date of acceptance hereof by the Administrative Agent, unless otherwise specified on Schedule 1 hereto.

5. Upon such acceptance and recording by the Administrative Agent, as of the Effective Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender Party thereunder and (ii) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

6. Upon such acceptance and recording by the Administrative Agent, from and after the Effective Date, the Administrative Agent shall make all payments under the Credit Agreement and the Notes in respect of the interest assigned hereby (including, without limitation, all payments of principal, interest and commitment fees with respect thereto) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments under the Credit Agreement and the Notes for periods prior to the Effective Date directly between themselves.

7. This Assignment and Acceptance shall be governed by, and construed in accordance with, the laws of the State of New York.

8. This Assignment and Acceptance may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of Schedule 1 to this Assignment and Acceptance by telecopier shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance.

IN WITNESS WHEREOF, the Assignor and the Assignee have caused Schedule 1 to this Assignment and Acceptance to be executed by their officers thereunto duly authorized as of the date specified thereon.

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SCHEDULE 1
TO
ASSIGNMENT AND ACCEPTANCE

As to the _____ Facility in respect of which an interest is being assigned:

Percentage interest assigned: _____%

Assignee's Commitment: \$ _____

Aggregate outstanding principal amount of Advances assigned: \$ _____
Principal amount of Note payable to Assignee: \$ _____
Principal amount of Note payable to Assignor: \$ _____

Effective Date (if other than date of acceptance by Administrative Agent):
(1) _____, 199_

[NAME OF ASSIGNOR], as Assignor

By _____
Title:

Dated: _____, 199_

[NAME OF ASSIGNEE], as Assignee

By _____
Title:

Dated: _____, 199_

Domestic Lending Office:

Eurodollar Lending Office:

- -----

(1) This date should be no earlier than five Business Days after the delivery of this Assignment and Acceptance to the Administrative Agent.

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SCHEDULE 1
TO
ASSIGNMENT AND ACCEPTANCE

As to the Facility in respect of which an interest is being assigned:

Percentage interest assigned: %
Assignee's Commitment: \$
Aggregate outstanding principal amount of Advances assigned: \$
Principal amount of Note payable to Assignee: \$
Principal amount of Note payable to Assignor: \$

Effective Date (if other than date of acceptance by Administrative Agent):
(1) _____, 199_

[NAME OF ASSIGNOR], as Assignor

By _____
Title:

Dated: _____, 199_

[NAME OF ASSIGNEE], as Assignee

By _____
Title:

Dated: _____, 199_

Domestic Lending Office:

Eurodollar Lending Office:

- -----

(1) This date should be no earlier than five Business Days after the delivery of this Assignment and Acceptance to the Administrative Agent.

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Accepted and Approved this
day of , 199

NATIONSBANK, N.A.

By
Title:

Approved this day
of , 199

EUROPEAN SOFTWARE MARKETING LTD.

By
Title:

By
Title:

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EXHIBIT D

FORM OF SECURITY AGREEMENT SUPPLEMENT

July 8, 1998

NationsBank, N.A. as
Administrative Agent
901 Main Street, 14th Floor
Dallas, Texas 75202
Attention: Patrick Honey

Security Agreement dated January 6, 1998
among the Grantors named therein and
NationsBank of Texas, N.A. now known as NationsBank, N.A.
as Administrative Agent

Ladies and Gentlemen:

Reference is made to the above-captioned Security Agreement (as amended, supplemented or otherwise modified, the "Security Agreement"). Unless otherwise defined herein, terms defined in the Security Agreement are used herein as therein defined.

Each of the undersigned hereby agrees, as of the date first above written, to become a Grantor under the Security Agreement as if it were an original party thereto and agrees that each reference in the Security Agreement to a "Grantor" shall also mean and be a reference to each of the undersigned.

Each of the undersigned hereby assigns and pledges to the Administrative Agent for its benefit and the ratable benefit of the Secured Parties and hereby grants to the Administrative Agent for its benefit and the ratable benefit of the Secured Parties as collateral for the Secured Obligations a pledge and assignment of, and a security interest in, all of the right, title and interest of the undersigned in and to its Collateral, whether now owned or hereafter acquired, subject to all of the terms and provisions of the Security Agreement, as if such Collateral of the undersigned had been subject to the Security Agreement on the date of its original execution.

Each of the undersigned has attached hereto supplements to Schedules I through V to the Security Agreement, and each of the undersigned hereby

certifies that such

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supplements have been prepared by the undersigned in substantially the form of the Schedules to the Security Agreement and are accurate and complete as of the date first above written.

Each of the undersigned hereby makes each representation and warranty set forth in Section 9 of the Security Agreement as to itself and as to its Collateral to the same extent as each other Grantor and hereby agrees to be bound as a Grantor by all of the terms and provisions of the Security Agreement to the same extent as all other Grantors.

This letter shall be governed by and construed in accordance with the laws of the State of New York.

Very truly yours,

AMDOCS (USA), INC.

By _____

Name:
Title:
Address:

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EXHIBIT E

EUROPEAN SOFTWARE MARKETING LIMITED

- AS CHARGOR-

- AND -

NATIONSBANK, N.A.

(FORMERLY KNOWN AS

NATIONSBANK OF TEXAS, N.A.)

- AS TRUSTEE -

FORM OF DEED OF AMENDMENT

SHEARMAN & STERLING
LONDON

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THIS DEED OF AMENDMENT is made the 6th July, 1998

BETWEEN:

- (1) EUROPEAN SOFTWARE MARKETING LIMITED (THE "CHARGOR"); AND
- (2) NATIONSBANK, N.A. (FORMERLY KNOWN AS NATIONSBANK OF TEXAS, N.A.) (THE "TRUSTEE").

WHEREAS:

- (1) The Chargor and the Trustee have entered into a share charge dated January 6 1998 (the "DEED OF CHARGE OVER SHARES") under which certain shares were charged as security pursuant to a credit agreement dated December 5 1997 (as from time to time amended, the "CREDIT AGREEMENT") made between the Chargor (1), Amdocs (U.K.) Limited (2), Amdocs, Inc.

(3), Canadian Directory Technology Limited (4), the banks listed therein (5), the initial issuing bank as defined therein (6), the swingline bank as defined therein (7), NationsBank of Texas, N.A. (8), The Bank of Nova Scotia (9) and The Industrial Bank of Japan, Limited (10).

(2) The parties hereto have agreed that the Deed of Charge over Shares shall be amended in accordance with the provisions set out below.

NOW IT IS HEREBY AGREED as follows:

1. Words or expressions defined in the Deed of Charge over Shares or, as appropriate, the Credit Agreement shall, unless the context otherwise requires, bear the same meaning or construction in this Deed.

2. The Deed of Charge over Shares shall be amended as follows:

(a) in the second line of recital A the words "from time to time" shall be inserted after the word "amended";

(b) by insertion of the following definition of "Loan Parties" in Part 1:
"LOAN PARTIES" has the meaning given to it in the Credit Agreement;"

(c) in the definition of "Secured Obligations" by deleting the word "Chargor" and replacing it with the words "Loan Parties owed to the Lender Parties"; and.

(d) in the Schedule (Details of Investments):

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(i) the figure "L100,000" in the second column shall be deleted and replaced by the figure "L65,000"; and

(ii) the figure "100,000.00" in the third column shall be deleted and replaced by the figure "65,000.00".

3. The Chargor acknowledges and agrees that failure to perform and comply with the obligation expressed to be assumed by it pursuant to paragraph 4 shall constitute a Default under the Credit Agreement.

4. The Chargor shall, from time to time on demand of the Trustee, reimburse the Trustee for all costs and expenses (including legal fees) together with any VAT thereon reasonably incurred by it in connection with the negotiation, preparation and execution of this Deed and the completion of the transactions herein contemplated.

5. The Chargor represents to the Trustee in the same terms mutatis mutandis as are set out in Part 4 of the Deed of Charge over Shares by reference to the facts and circumstances as at the date hereof and as if reference therein to "Deed of Charge over Shares" and any derivative terms were references to (a) the Deed of Charge over Shares as the same shall be amended by this Deed and (b) this Deed.

6. The Chargor and the Trustee hereby agree that the rights and obligations of each of them under the Deed of Charge over Shares shall not be affected or impaired by the execution, delivery and performance of this Deed except in the manner and to the extent herein stated.

7. Save as varied and amended hereby the Deed of Charge over Shares and every Clause thereof shall continue to be of full force and effect and binding on the parties hereto.

8. The Trustee hereby agrees to the release of such of the shares charged under the Deed of Charge over Shares as will result in the amended schedule (as set out at 2(d) above) being correct.

9. This Deed may be executed in any number of counterparts and by different parties hereto on separate counterparts each of which, when executed and delivered, shall constitute an original, but all the counterparts shall together constitute one and the same instrument.

10. This Deed shall be governed by and construed in accordance with English law.

AS WITNESS the hands of the duly authorised representative of the parties hereto the day and year first before written

THE CHARGOR

Executed as a deed by European Software Marketing)
Limited acting by the names of authorised signatories)
in the presence of:-)

Signature of witness:

Name of witness:

Address:

Occupation:

Address:

Telex No.:

Facsimile No.:

THE TRUSTEE

NationsBank, N.A.

Address:

Telex No:

Facsimile No:

EXHIBIT F

FORM OF CONSENT TO US LOAN PARTY GUARANTY

Dated as of July ____, 1998

The undersigned, each a Guarantor under the US Loan Party Guaranty in favor of the Administrative Agent, for its benefit and the benefit of the Lender Parties parties to the Credit Agreement dated as of December 5, 1997 as amended and restated by the Amended and Restated Credit Agreement (as amended, supplemented or otherwise modified from time to time in accordance with its terms, the "Amended and Restated Credit Agreement"; terms not otherwise defined herein shall have the meaning herein as therein ascribed to them) among European Marketing Software Ltd., a Guernsey company, Amdocs (U.K.) Ltd., a corporation organized under the laws of England and Wales, Amdocs, Inc., a Delaware corporation, Amdocs USA, Inc. a Delaware Corporation, and Canadian Directory Technology Ltd., a Delaware corporation, as Borrowers, the Lender Parties referred to therein, and NationsBank, N.A. (formerly known as NationsBank of Texas, N.A.), as Administrative Agent, The Bank of Nova Scotia, as syndication agent, and The Industrial Bank of Japan, Limited, as documentation agent for the Lender Parties, hereby consent to such amendment and restatement of the Existing Credit Agreement and hereby confirm and agree that notwithstanding the effectiveness of such amendment and restatement, the US Loan Party Guaranty shall continue to be in full force and effect and is hereby ratified and confirmed in all respects, except that, on and after the effectiveness of the Amended and Restated Credit Agreement, each reference in the US Loan Party Guaranty to the "Credit Agreement", "thereunder", "thereof" or words of like import shall mean and be a reference to the Amended and Restated Credit Agreement.

AMDOCS, INC.

By _____
Title:

SYPRESS, INC.

By _____
Title:

CANADIAN DIRECTORY
TECHNOLOGY, LTD.

By _____
Title:

AMDOCS SERVICES, INC.

By _____
Title:

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EXHIBIT G

FORM OF CONSENT
TO NON-US LOAN PARTY GUARANTY

Dated as of July ___, 1998

The undersigned, each a Guarantor under the Non-US Loan Party Guaranty in favor of the Administrative Agent, for its benefit and the benefit of the Lender Parties parties to the Credit Agreement dated as of December 5, 1997 as amended and restated by the Amended and Restated Credit Agreement (as amended, supplemented or otherwise modified from time to time in accordance with its terms, the "Amended and Restated Credit Agreement"; terms not otherwise defined herein shall have the meaning herein as therein ascribed to them) among European Marketing Software Ltd., a Guernsey company, Amdocs (U.K.) Ltd., a corporation organized under the laws of England and Wales, Amdocs, Inc., a Delaware corporation, Amdocs USA, Inc. a Delaware Corporation, and Canadian Directory Technology Ltd., a Delaware corporation, as Borrowers, the Lender Parties referred to therein, and NationsBank, N.A. (formerly known as NationsBank of Texas, N.A.), as Administrative Agent, The Bank of Nova Scotia, as syndication agent, and The Industrial Bank of Japan, Limited, as documentation agent for the Lender Parties, hereby consent to such amendment and restatement of the Existing Credit Agreement and hereby confirm and agree that notwithstanding the effectiveness of such amendment and restatement, the US Loan Party Guaranty shall continue to be in full force and effect and is hereby ratified and confirmed in all respects, except that, on and after the effectiveness of the Amended and Restated Credit Agreement, each reference in the Non-US Loan Party Guaranty to the "Credit Agreement", "thereunder", "thereof" or words of like import shall mean and be a reference to the Amended and Restated Credit Agreement.

AMDOCS (U.K.) LIMITED

By _____
Title:

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EUROPEAN SOFTWARE MARKETING
LIMITED

By _____
Title:

[CAREY LANGLOIS LETTERHEAD]

Amdocs Limited
Tower Hill House
Le Bordage
St. Peter Port
Guernsey
Channel Islands

Our Ref: NC/FJF/CB/A 774007

7 June 1999

Dear Sirs

RE: AMDOCS LIMITED
REGISTRATION STATEMENT ON FORM F-1

We have acted as counsel to Amdocs Limited, a Guernsey corporation (the "Company"), in connection with its Registration Statement on Form F-1 (the "Registration Statement"), filed under the Securities Act of 1933, as amended (the "Act"), relating to the proposed public offering of up to 23,000,000 Ordinary Shares, Pound Sterling 0.01 par value (the "Shares"), of the Company.

In that connection, we have examined originals, or copies, certified or otherwise identified to our satisfaction of such documents, corporate records and other instruments as we have deemed necessary or appropriate for purposes of this opinion, including the Amended and Restated Articles of Association and the Memorandum of Association of the Company.

Based upon the foregoing, we are of the opinion that:

1. The Company has duly organised and is validly existing as a corporation under the laws of Guernsey.
2. The Shares have been duly authorised, and the Shares being sold by the Company when issued and, together with the other Shares, sold in accordance with the terms of the Underwriting Agreement in substantially the form filed as Exhibit 1.1 to the Registration Statement, will be validly issued, fully paid, and non-assessable.

.../Continued

Amdocs Limited	2	3 June 1999
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We hereby consent to the use of this opinion as an exhibit to the Registration Statement, and to the reference to our firm under "Enforceability of Civil Liabilities" and "Legal Matters" in the Prospectus comprising a part of the Registration Statement.

Yours faithfully

/s/ Carey Langlois

Carey Langlois

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the reference to our firm under the captions "Summary Consolidated Financial Information," "Selected Consolidated Financial Information" and "Experts" and to the use of our report dated November 8, 1998, in Amendment No. 3 to the Registration Statement (Form F-1 No. 333-75151) and related Prospectus of Amdocs Limited for the registration of 34,500,000 shares of its ordinary shares.

/s/ ERNST & YOUNG LLP

St. Louis, Missouri

June 4, 1999