

(Title of class)

(Number of shares)

(1) Includes 9,037,774 shares held by shareholders of a company we acquired, which can be exchanged for our voting ordinary shares. Does not include (a) 12,159,578 ordinary shares remaining under our stock option plan, and (b) 1,703,672 ordinary shares reserved for issuance upon exercise of vested options granted by companies we have acquired. As of September 30, 2000, options to purchase an aggregate of 9,524,406 ordinary shares were outstanding and 2,635,172 ordinary shares remained available for future option grants under our stock option plan.

Indicate by check mark whether the registrant has (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark which financial statement item the registrant has selected to follow.

Item 17 Item 18

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AMDOCS LIMITED

FORM 20-F
ANNUAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2000

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PART I

Unless the context otherwise requires, all references in this annual report 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 to ordinary shares are to both voting and non-voting ordinary shares.

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

SELECTED FINANCIAL DATA

Our historical Consolidated Financial Statements are prepared in accordance with accounting principals generally accepted in the United States ("GAAP") and presented in dollars. The selected historical consolidated financial information set forth below has been derived from the historical Consolidated Financial

Statements of Amdocs for the years presented. Historical information as of and for the five years ended September 30, 2000 is derived from our Consolidated Financial Statements, which have been audited by Ernst & Young LLP, our independent auditors.

The information presented below is qualified by the more detailed historical Consolidated Financial Statements set forth in our Current Report on Form 6-K dated December 29, 2000, and should be read in conjunction with those Consolidated Financial Statements and the discussion under "Operating and Financial Review and Prospects" included elsewhere in this report.

	YEAR ENDED SEPTEMBER 30,				
	2000	1999	1998	1997	1996
	(IN THOUSANDS, EXCEPT PER SHARE DATA)				
STATEMENT OF OPERATIONS DATA:					
Revenue.....	\$1,118,320	\$626,855	\$403,767	\$290,102	\$211,720
Operating income.....	74,124	146,998	84,895	26,969	35,490
Net income(1).....	5,978	98,543	30,107	5,876	24,508
Basic earnings per share.....	0.03	0.50	0.19	0.05	0.23
Diluted earnings per share.....	0.03	0.49	0.19	0.05	0.22
Dividends declared per share.....	--	--	3.76	0.18	0.35

	AS OF SEPTEMBER 30,				
	2000	1999	1998	1997	1996
	(IN THOUSANDS)				
BALANCE SHEET DATA:					
Total assets.....	\$1,935,085	\$430,011	\$239,966	\$220,582	\$104,531
Long-term obligations (net of current portion).....	23,417	17,148	9,215	7,370	1,663
Shareholders' equity (deficit) (2) (3).....	1,430,772	123,737	(21,889)	94,253	15,988

	ORDINARY SHARES		ADDITIONAL PAID-IN CAPITAL
	SHARES	AMOUNT	
	(IN THOUSANDS)		
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY DATA:			
Balance as of October 1, 1996.....	107,916	\$1,727	\$ 14,348
Issuance of ordinary shares.....	16,792	269	91,431
Balance as of September 30, 1997.....	124,708	1,996	105,779
Issuance of ordinary shares(2).....	72,092	1,153	331,485
Stock options granted, net of forfeitures.....	--	--	10,239
Balance as of September 30, 1998.....	196,800	3,149	447,503
Issuance of ordinary shares(2).....	2,000	32	41,352
Stock options granted, net of forfeitures.....	--	--	244
Balance as of September 30, 1999.....	198,800	3,181	489,099
Issuance of ordinary shares related to acquisitions, net(3).....	20,307	325	1,263,330
Employee stock options exercised.....	2,058	33	21,327
Tax benefit of stock options exercised.....	--	--	10,825
Stock options granted.....	--	--	235
Balance as of September 30, 2000.....	221,165	\$3,539	\$1,784,816

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- (1) In fiscal 2000, we recorded nonrecurring acquisition-related charges aggregating to \$75,617, relating to our acquisitions of International Telecommunication Data Systems, Inc. ("ITDS") in November 1999 and Solect Technology Group Inc. ("Solect") in April 2000, in stock-for-stock transactions. The charges related to the ITDS transaction aggregated to \$19,876 and were incurred by us in the first quarter of fiscal 2000. The charges related to the Solect transaction aggregated to \$55,741 and were incurred by us in the third quarter of fiscal 2000. Each of these charges included write-offs of purchased in-process research and development and other indirect acquisition-related costs. In the fourth quarter of fiscal 1997, we recorded nonrecurring charges of \$27,563. Of such amount, \$25,763 was attributable to the funding of a contribution to a trust and the balance, \$1,800, was due to the write-off of in-process technology related to certain software rights acquired from several operating subsidiaries of SBC Communications Inc. ("SBC").
 - (2) We completed our initial public offering of 18,000 ordinary shares in June 1998 and a public offering of an additional 2,000 ordinary shares in June 1999. The net proceeds to us from the offerings were \$234,190 and \$41,384, respectively.
 - (3) An aggregate of 7,564 ordinary shares, including shares issuable upon exercise of vested ITDS employee options, were issued in connection with the ITDS acquisition, and an aggregate of 15,500 ordinary shares, including shares issuable upon exercise of vested Solect employee options, were issued in connection with the Solect acquisition.

RISK FACTORS

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

Future developments in the communications industry, such as continued industry consolidation, the formation of alliances among network operators and service providers, and changes in the regulatory environment, could materially 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 communications industry.

A portion of our revenue is derived from products and services provided to directory publishers. We believe that the demand for those products and services will be reduced as a result of the 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 and we believe our current

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levels of revenue from the sales of products and services to directory publishers are not likely to grow but will remain relatively stable.

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 communications information systems is highly competitive and fragmented, and we expect competition to increase. We compete with independent providers of information systems and services and with in-house software departments of communications companies. Our competitors include firms that provide comprehensive information systems, software vendors that sell products for particular aspects of a total information system, software vendors that specialize in systems for particular communications services such as Internet and wireless services, 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 communications 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 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, 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 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. 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.

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 Systems ("BSS") products that operate in state-of-the-art computing environments. Our present or future products may not satisfy the evolving needs of the communications 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.

On November 30, 1999, in a stock-for-stock transaction, we completed our acquisition of International Telecommunication Data Systems, Inc. ("ITDS"), a leading provider of billing and customer care service bureau solutions to wireless communications service providers. On April 5, 2000, in a stock-for-stock transaction, we completed our acquisition of Sollect Technology Group Inc. ("Sollect"), a leading provider of Internet Protocol ("IP") billing and customer care software to Internet service providers, including wireless

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companies and Application Service Providers ("ASPs"). We also may acquire other companies where we believe we can acquire new products or services or otherwise enhance our market position or strategic strengths. There can be no assurance that suitable acquisition candidates can be found, that acquisitions can be consummated on favorable terms, that the ITDS or Sollect acquisitions will enhance our products or strengthen our competitive position or that we will be able to successfully and efficiently integrate these businesses into our own.

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. Aggregate revenue derived from the multiple business arrangements we have with each of our five largest customer groups and their affiliates, excluding SBC (see below), accounted for approximately 39.7%, 33.4% and 39.0% of revenue in fiscal 2000, 1999 and 1998, respectively. After giving effect to the acquisition of Mannesmann Mobilfunk by Vodafone Group in 2000, the combined company would have been one of our largest

customers and would have accounted for more than 10% of our revenue in each of fiscal 2000 and 1999.

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.

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

One of our largest groups of customers is SBC Communications Inc. ("SBC") and its operating subsidiaries. SBC International Inc. ("SBCI"), a wholly-owned subsidiary of SBC, is also one of our largest shareholders. As of December 1, 2000, it held approximately 10.4% of our outstanding voting ordinary shares and all of our outstanding non-voting 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 of 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 12.6%, 15.9% and 20.8% of our total revenue in fiscal 2000, 1999 and 1998, respectively. The amount of revenue attributable to SBC and such subsidiaries amounted to \$141.0 million, \$99.5 million and \$84.4 million in fiscal 2000, 1999 and 1998, respectively.

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

We believe that our future success depends to a significant extent on our ability to develop long-term relationships with successful network operators and service providers. Many new entrants into the communications 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 maintain 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 communications 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 approximately 7,900 software and information technology specialists, of which over 4,200 are located in Israel and 1,900 are located in North America. We intensively recruit technical personnel for our principal development centers in Israel, the United States, Cyprus, Ireland and Canada. Our ability to

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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, progress may vary significantly from project to project, and 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.

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 three and twelve months. Information systems for communications 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.

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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 development facilities in Israel, the United States, Cyprus, Ireland and Canada, operate a support center in Brazil and have operations in North America, Europe, Latin America and the Asia-Pacific region. Although a majority of our revenue in fiscal 2000 was derived from customers in North America and Europe, we obtain significant revenue from customers in the Asia-Pacific region and Latin America. Our strategy is to continue to broaden our European and North American customer base and to expand into new international markets.

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 with a time delay) 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

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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 communications 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, 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, Cyprus and Ireland. 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 critical business 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.

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

Out of the five development centers we maintain worldwide, our largest development center is located in Israel, which is also where we employ over half of our employees. As a result, we are directly influenced by the political, economic and military conditions affecting Israel and any major hostilities involving Israel could have a material adverse effect on our business. We have developed contingency plans to move some development operations within Israel to various sites both within and outside of Israel in the event political or military conditions disrupt our normal operations.

While Israel has entered into peace agreements with both Egypt and Jordan and several other countries have announced their intentions to establish trade and other relations with Israel, Israel has not entered into any peace arrangement with Syria or Lebanon. Moreover, while Israel is in the process of conducting peace negotiations with the Palestinian community, recently there has been a significant deterioration in Israel's relationship with the Palestinian community. Efforts to resolve the problem have failed to result in an agreeable solution. Continued hostilities between the Palestinian community and Israel and any failure to settle the conflict may have a material adverse effect on us and our business. Further deterioration of hostilities into a full scale conflict might require more widespread military reserve service by some of our employees which may have a material adverse effect on our business.

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 finally resolve the problem have not yet resulted in an agreeable solution, although the parties did recently agree to enter into negotiations to be facilitated by the United Nations and the United States. Any major hostilities between Cyprus and Turkey or any failure of the parties to reach a peaceful resolution may have a material adverse effect on our development facility in Cyprus.

ITEM 4. INFORMATION ON THE COMPANY

HISTORY AND DEVELOPMENT OF AMDOCS

Both our legal and commercial name is Amdocs Limited. We are a holding company, originally incorporated under the laws of the Island of Guernsey in 1988. From the inception of our business in 1982 until 1995, our business operated through a group of companies owned by common shareholders. Amdocs Limited became the holding company for all these affiliated companies in 1995. Our global business, conducted through subsidiaries, is to provide information system solutions to major communications companies in North America, Europe and the rest of the world. Our registered office is located in Suite 5, Tower Hill House Le Bordage, St. Peter Port, Island of Guernsey, GY1 3QT Channel Islands, and the telephone number at that location is 011-44-1481-728444.

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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 1390 Timberlake Manor Parkway, Chesterfield, Missouri 63017, and the telephone number at that location is (314) 212-8328.

On November 30, 1999, in a stock-for-stock transaction, we completed the acquisition of ITDS, a leading provider of customer care and billing service bureau solutions to wireless communications providers. Our acquisition of ITDS enabled us to expand our service offering, enhancing our ability to provide outsourcing solutions for customers using our systems.

On April 5, 2000, in a stock-for-stock transaction, we completed our acquisition of Solect, a leading provider of customer care and billing software to IP service providers. The Solect acquisition is part of our strategy to expand our commitment to the IP services market. With our acquisition of Solect, together with expanded internal development efforts in the IP area, we believe

we are enhancing our ability to serve the growing IP needs of our existing wireless and wireline customers, while also expanding our target market to cover IP operators, such as Internet Service Providers ("ISPs"), ASPs and broadband providers.

In the future, we may consider additional acquisitions in order to acquire new products or services or otherwise enhance our market position or strategic strengths.

Our principal capital expenditures for each of fiscal 2000, 1999 and 1998 have been for computer equipment, for which we spent approximately \$35.7 million, \$30.2 million and \$13.0 million in each respective year. We also lease vehicles for use by our employees, incurring lease obligations of \$15.7 million, \$14.9 million and \$5.2 million, respectively, in each of the last three fiscal years.

Principal capital expenditures currently in progress consist of approximately \$80.0 million to be used in fiscal 2001 for additional computer equipment with the bulk of these expenditures for computer equipment to be located at our facilities in North America and Israel.

BUSINESS OVERVIEW

We are a leading provider of software products and services to major communications companies in North America, Europe and the rest of the world.

Our BSS products consist of families of customized software products and services designed to meet the critical business needs of specific communications market sectors. We provide primarily Customer Care, Billing and Order Management Systems ("CC&B Systems") for communications and IP service providers. Our systems support a wide range of communications services including wireline, wireless, broadband, electronic and mobile commerce and Internet services. We also support companies that offer multiple service packages, commonly referred to as convergent services. In addition, we provide a full range of Directory Sales and Publishing Systems ("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 communications 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 leading communications providers. Our customer base includes major North American and foreign communications companies, including major wireline companies (such as all the regional Bell operating companies in the United States, BT, Tele Danmark and Deutsche Telekom), wireless companies (such as Sprint PCS, Pacific Wireless, Vodafone Group, Mannesmann Mobilfunk and Telstra) and Internet companies (such as BT, E-Plus and PointOne).

Our BSS products and related services are designed to manage and improve key aspects of the business operations of communications companies, such as customer care, order management, call rating, invoice

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calculation and preparation, bill formatting, collections, fraud management and directory publishing services. We tailor our BSS products to address the unique needs of each communications provider.

INDUSTRY BACKGROUND

Communications Industry

The global communications 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 increased

competition in the United States even further by allowing new and existing local, long distance and cable companies to offer competing services. Many companies now compete by providing multiple or convergent services, offering combinations of local exchange, long distance, wireless, Internet data and electronic and mobile commerce services. Deregulation is also creating opportunities for new ways of doing business, such as wholesaling and reselling communications services. Internationally, privatization and deregulation continue to encourage increased international competition and the emergence of newly authorized communications network operators and service providers, especially in Europe, Latin America and the Asia-Pacific 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 parallel, the communications industry is undergoing consolidation as companies seek to broaden their global reach and expand service offerings. In addition, global expansion by multinational companies and concurrent technological advances are opening markets in less developed countries to enhanced communications services and competition.

In recent years, there has also been an explosion of new communications technologies, including ATM, IP, xDSL, utilization of cable television infrastructure to provide Internet services, PCS, GPRS (General Packet Radio Services), UMTS (Universal Mobile Telecommunications System), WAP (Wireless Application Protocol) for wireless Internet, and intelligent networks. Additionally, the directory publishing industry, which is currently dominated by communications companies that are owned by or affiliated with the public telecommunications carriers, is also experiencing significant changes due to the introduction of new technologies and distribution platforms, especially Internet directories.

Information Systems

As a result of these developments, many communications companies are seeking a new generation of information systems to support their operations and to be more competitive. Such communications companies are looking for systems that provide enhanced customer management, flexible rating capabilities to support rapid rollout of new price plans and advanced IP services, and the ability to provide customers with single-contact, single-invoice solutions with integrated pricing plans for a wide range of services (convergence or "one-stop shopping"). The legacy information systems used by communications companies generally do not provide the level of integration, flexibility and scalability needed by communications companies as they seek to differentiate themselves from their competitors in an increasingly competitive market place.

Many new and existing communications 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 communications companies strive to become more consumer-oriented, they are concentrating their efforts and internal 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 vendors of CC&B Systems, such as Amdocs.

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 our customers effective solutions 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, ongoing support and outsourcing. By providing services directly to the customer, we are able to utilize effectively our intensive technical knowledge of our BSS products in the overall execution of a project, significantly reducing project risk. Our product-driven software solutions approach is distinctly different from the project-based strategy that has traditionally characterized many of the

communications information systems and service providers over the past twenty years. Our product-driven software solutions use 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, multi-tier, client-server, rule and table-based architecture that provides the functionality, scalability, modularity and adaptability required by today's deregulated, highly competitive communications industry. Through the flexibility of our BSS products, our customers are able to achieve significant time-to-market advantages and reduce 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, Cyprus, Ireland and Canada.

BUSINESS STRATEGY

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

- **Continued Focus on the Communications Industry.** We intend to continue to concentrate our resources and efforts on providing strategic information systems to the growing number of communications 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 communications companies in the wireless, wireline, IP and convergent service sectors.
- **Target Industry Leaders and Promising New Entrants.** We intend to continue to direct our marketing efforts principally towards the major communications companies and new entrants that are believed to have the potential to be market leaders. Our customer base includes major communications companies in North America (including SBC, Verizon, BellSouth, Sprint, PCS and Nextel), major foreign network operators and service providers (including Deutsche Telekom (Germany), Mannesmann Mobilfunk (Germany), Telstra (Australia), BT (UK) and Vodafone Group (UK)) 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, our 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 products and techniques, and also helps to create significant time-to-market and other competitive advantages for our customers. 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. These relationships generally involve 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 communications markets around the world. The worldwide demand for communications services is increasing rapidly, due, in part, to the rapid development of new communications technologies, 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 major communications 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 and table-based design, multi-tier architecture, object-oriented techniques, data mining, web-enabling and open application program interfaces ("APIs"), we are able to provide communications companies with the flexibility required in a highly competitive, dynamic environment. For example, the use of rule and table-based technologies allows communications companies to rapidly implement changes to their marketing and customer service activities, such as new services, price plans, discount schemes and bill formats, without the need to modify system code. Similarly, by drawing on web-enabled, Internet technologies, we have been able to improve access to information for remote users, both internally within a communications 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, VMS and Windows NT.

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

- Scalability. Our 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. Our 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 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 customer's 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. Utilization of the UNIX platform ensures that our BSS 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 VMS and hybrid UNIX/VMS platforms. Certain applications can also be deployed on the Windows NT platform. The BSS products utilize, where applicable, Java-based design and programming to augment cross-platform portability.

- Open Systems. Our BSS products accommodate well-defined APIs with legacy systems and with other third-party software modules or packages. The systems are not dependent on any single hardware vendor, 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 communications companies. It is also our general policy to deliver to our customers complete copies of all source code, system documentation and other product information, thereby permitting the customer to maintain and further customize our BSS products.

PRODUCTS

Our product offerings include an extensive library of BSS software products that we have developed to provide comprehensive information systems functionality for wireline, wireless, broadband, electronic and mobile commerce and IP service providers. Core elements include customer relationship management, 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 different network environments (e.g., roaming functionality for wireless carriers, SIM card functionality for GSM networks, value added services introduced by Advanced Intelligent Networks ("AIN") and preferred interexchange carrier functionality for long distance carriers). In addition, we have developed systems to support resellers and wholesalers of communication services. Our systems also support communications providers that offer multiple service packages, commonly referred to as convergent services (combinations of wireline, wireless, cable television, broadband, electronic and mobile commerce and IP services).

We configure individual BSS modules into families of products, which serve as marketing packages oriented to the needs of specific customer segments. We provide Ensemble(TM) software, our main CC&B Systems offering, in a number of versions to serve the different needs of communications operators in the various network and business segments, such as wireline, wireless, cable television, broadband and electronic and mobile commerce. As a result of our acquisition of Solect, our CC&B Systems offering also includes the IAF Horizon(TM) product for Internet and electronic and mobile commerce, encompassing functionalities such as Internet-based bill viewing, IP service management, IP provisioning, IP event collection and partner management. 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.

Customer Care, Billing and Order Management

The Ensemble(TM) suite of products offered by Amdocs encompasses the following key CC&B Systems 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.

- Event Processing -- calculates charges for usage (i.e., event rating) of communications services, such as telephone calls, Internet access and

data transfer. Usage of the communications network creates event records, which contain information such as the origin and destination of a telephone call and its duration. This module provides for acquisition and formatting of the raw event data received from a communications switch, and calculates the charges for each event 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.
- 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.
- Commission Management -- calculates and manages commissions to be paid by the wireless carrier to its authorized dealers and sales representatives.
- Fraud Management -- employs sophisticated data analysis tools and makes use of the integrated user database to detect the fraudulent use of phones and phone numbers.
- Electronic bill presentment and payment -- enables bill view and payment capabilities over the Internet.
- Churn Management -- uses data mining techniques to identify customers with a high probability of switching to another carrier or of disconnecting service.
- Intercarrier Settlement -- calculates, manages and reconciles payments for intercarrier network access, including settlement of roaming charges between cellular carriers.

The IAF Horizon(TM) suite of CC&B Systems products acquired from Solect has helped us to focus on the IP service provider market. By allowing service providers to offer, collect and bill for IP services over packet-switched networks, IAF Horizon(TM) supports innovative new business models, such as virtual Service Providers ("vSPs"), mobile commerce, content aggregation, revenue sharing, sponsorship and hosting packaged applications.

IAF Horizon(TM) is comprised of the following functional modules:

- Service Management -- provides the functionality for flexibly defining service offerings, real-time provisioning of these services in the network, and collecting usage data for the services so that the service provider can bill for them.
- PDC Service Plug-ins -- Provisioning Data Collectors ("PDCs") operate as a service plug-in, allowing service providers the opportunity to rapidly add new services without costly coding delays or system downtime.
- Product Console -- allows the service provider's marketing managers to create product offerings, pricing and bundles quickly and easily through a web-based graphical user interface ("GUI").
- Rater -- advanced rule and table-based rating engine, which allows service providers to develop complex rating rules in a simple logical manner via an intuitive HTML-based GUI.

- Billing -- provides comprehensive billing capabilities, generates invoices in multiple formats (electronic and hard-copy), and offers optional credit card billing as well as interfaces to existing billing and invoicing systems.
- Customer Care -- includes a highly configurable HTML template-driven interface for customer service representatives, corporate self-administration and self-care. This module allows IP service providers to create price plans. The templates are fully WAP enabled.

Directory Publishing

The ADS (NG)/Family of Products, our main offering 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. These systems support large directory publishing operations that employ a local sales force numbering thousands of representatives, serve customer bases of hundreds of thousands of businesses and publish hundreds of different directories each year. 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 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,

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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.

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 five development facilities located in Israel, the United States, Cyprus, Ireland and Canada, operate a support center located in Brazil and have operations in North America, Europe, 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 our BSS products for our customers. The outsourcing service we provide generally comprises combinations of functions such as responsibility for the ongoing development and enhancement of BSS systems that we have installed, the purchase and management of all related hardware assets and overall management of the customer's associated data centers.

SALES AND MARKETING

Our sales and marketing activities are primarily directed at major communications 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 and dedicated sales force and maintain sales offices in the United States, the United Kingdom, and several other countries. Our sales activities are supported by marketing efforts, including marketing communications, product management, market research and strategic alliances. 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

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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 communications 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 communications industry and that our BSS 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.

Our customers include global communications 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:

BCP
Belgacom
BellSouth
BT
Deutsche Telekom
Eircom PLC
GTE International
Japan Telecom
Korean Telecom
Mannesmann Mobilfunk
Netcom
Nextel
PointOne
Qwest
Rogers AT&T
SEAT
Sprint
Tele Danmark
Telecom New Zealand
Telstra
Telus
Verizon
Vodafone Group
VoiceStream
Western Wireless

Our single largest customer group is Vodafone Group, which accounted for 14.4%, 8.0% and 5.4% of our revenue in fiscal 2000, 1999 and 1998, respectively. Our next largest group of customers is SBC and its operating subsidiaries, which accounted for, in the aggregate, 12.6%, 15.9% and 20.8% of our revenue in fiscal 2000, 1999 and 1998, respectively.

Aggregate revenue derived from the multiple business arrangements we have with each of our five largest customers and their affiliates, excluding SBC and its operating subsidiaries, accounted for approximately 39.7%, 33.4% and 39.0% of our revenue in fiscal 2000, 1999 and 1998, respectively.

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

	2000	1999	1998
	-----	-----	-----
North America.....	45.6%	36.1%	52.2%
Europe.....	42.4%	41.8%	27.2%
Rest of the World.....	12.0%	22.1%	20.6%

COMPETITION

The market for communications 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 American Management Systems, Convergys, IBM, Kenan Systems (a subsidiary of Lucent Technologies), Geneva Technology, Portal Software Inc., Saville Systems (a subsidiary of ADC Telecommunications, Inc.) and Sema Group, with system integrators, such as EDS, and with internal information systems departments of large communication companies. We expect continued growth and competition in the communications 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 can 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.

EMPLOYEES

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.

See "Directors, Senior Management and Employees -- Employees" for further details regarding our employees and our relationships with them.

ORGANIZATIONAL STRUCTURE

We are organized under the laws of Guernsey and, as set forth in our Articles of Association, we are a holding company for the various subsidiaries that conduct our business on a worldwide basis. Our principal operating wholly-owned subsidiaries are Amdocs, Inc. (the United States), Amdocs (UK) Limited (the United Kingdom), Amdocs Development Limited (Republic of Cyprus), Amdocs Management Limited (the United Kingdom), Amdocs (Israel) Limited (Israel), Amdocs Software Systems Ltd (Ireland), Interna-

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tional Telecommunication Data Systems, Inc. (the United States) and Solect Technology Group Inc. (Canada).

PROPERTY, PLANTS AND EQUIPMENT

We lease space in various facilities in Israel, aggregating approximately 890,000 square feet, pursuant to leases expiring on various dates between 2001 and 2016, and we have various options to extend the terms of such leases. In Israel, we currently pay total yearly rental fees of approximately \$17.7 million, which are linked, in most cases, to the dollar. Included in these facilities are an aggregate 364,000 square feet in Ra'anana, with the remainder in Ramat-Gan, Hod-Hasharon, Jerusalem and Haifa. Approximately 73,000 square feet of the facilities in Ramat-Gan are owned by related companies that lease these facilities to us. See "Major Shareholders and Related Party Transactions -- Related Party Transactions".

Our Israeli subsidiary has committed to rent an additional 215,000 square feet under a seven-year lease (commencing, in stages, in January 2001). The annual rent for the entire space will be approximately \$4.1 million.

Our Amdocs, Inc. subsidiary in the United States rents approximately 170,000 square feet in Chesterfield, Missouri under various leases expiring between 2005 and 2008. The aggregate annual rent for these facilities is approximately \$4.2 million.

Our ITDS subsidiary rents approximately 81,000 square feet in Stamford, Connecticut under a lease expiring in 2008 and 85,000 square feet in Champaign, Illinois under a lease expiring in 2006. The annual rent for these facilities is approximately \$2.2 million and \$1.1 million, respectively.

We also hold a number of other leases in the United States, with an aggregate annual rent of approximately \$1.4 million.

Our Solect subsidiary rents two facilities in Toronto, Canada, aggregating approximately 85,000 square feet, pursuant to leases expiring between 2002 and 2007. The total annual rent for these facilities is approximately \$2.2 million.

Our subsidiary in the United Kingdom leases approximately 43,000 square feet in London under a lease expiring in 2007. The annual rent for the facility is approximately \$2.2 million.

Our subsidiary in Cyprus leases approximately 72,000 square feet in various facilities in Limassol at an annual rent of approximately \$0.7 million. In addition we entered into a three-year lease for an additional 91,000 square feet that will commence in April 2001. The annual rent will be approximately \$1.3 million.

We lease additional office space in Australia, Brazil, France, Germany, Hong Kong, Ireland, Italy, Japan and Spain.

Our BSS products are developed and, in many cases, operated over a system of UNIX, VMS and Windows NT servers owned by us and manufactured by, among others, Compaq, Hewlett Packard, IBM and Sun Microsystems, which are connected to approximately 8,000 personal computers owned by us.

Automatic tape libraries provide full and incremental backups of the data used in and generated by our business. These tapes are kept on-site and off-site, as appropriate, to ensure security and integrity, and are connected with a high speed redundant wide area network ("WAN").

The distributed development sites that we operate worldwide are connected by a high speed WAN.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

FORWARD LOOKING STATEMENTS

Some of the information in this section contains forward looking statements that involve substantial risks and uncertainties. You can identify these statements by forward looking words such as "expect", "anticipate", "believe", "seek", "estimate" and similar words. Statements that we make in this section that are not statements of historical fact also 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. We disclaim any obligation to update our forward looking statements. See "Risk Factors" for more information.

INTRODUCTION

In this section, we discuss 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 fiscal years ended September 30, 2000, 1999 and 1998,
- why those revenue and costs were different from year to year,
- the sources of our revenue,
- how all of this affects our overall financial condition,
- what our expenditures were in the fiscal years ended September 30, 2000, 1999 and 1998, and
- the sources of our cash to pay for future capital expenditures.

In this section, we also analyze and explain the annual changes in the specific line items in our consolidated statements of operations. This section should be read in conjunction with our Consolidated Financial Statements, which are set forth in our Current Report on Form 6-K dated December 29, 2000.

OVERVIEW OF BUSINESS AND TREND INFORMATION

We are a leading provider of software products and services to the communications industry. Our Business Support Systems ("BSS") consist of families of customized software products and services designed to meet the mission-critical needs of specific communications market sectors. We provide primarily Customer Care, Billing and Order Management Systems ("CC&B Systems") for communications and Internet Protocol ("IP") service providers. Our systems support a wide range of communications services, including wireline, wireless, broadband, electronic and mobile commerce and IP services. We also support companies that offer multiple service packages, commonly referred to as convergent services. In addition, we provide a full range of Directory Sales and Publishing Systems ("Directory Systems") to publishers of both traditional printed yellow page and white page directories and electronic Internet directories. Due to the complexity of BSS projects and the expertise required for system support, we also provide extensive customization, implementation, system 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 other related services provided to our customers and, to a lesser degree, from incremental license fees resulting from increases in a customer's subscribers.

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License revenue is primarily recognized as work is performed, using the percentage of completion method of accounting. Service revenue that involves significant ongoing obligations, including fees for customization, implementation and initial support services, is also recognized as work is performed, under the percentage of completion method of accounting. In outsourcing contracts, revenue from operation and maintenance of customers' billing systems is recognized in the period in which the bills are produced. Revenue from ongoing support 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 method, the size and timing of customer projects and our progress in completing such projects may significantly affect our annual and quarterly operating results.

License and service fee revenue from the sale of CC&B Systems amounted to \$986.6 million in the year ended September 30, 2000, representing 88.2% of our revenue for such period, as compared to \$468.2 million in fiscal 1999 and \$251.8 million in fiscal 1998, where license and service fee revenue from the sale of CC&B Systems represented 74.7% and 62.4%, respectively, of our revenue for such periods.

We believe that the demand for CC&B Systems will continue to increase due to, among other key factors:

- the growth and globalization of the communications market,
- intensifying competition among communications carriers,
- rapid technological changes, such as the introduction of wireless Internet services via WAP (Wireless Application Protocol), GPRS (General Packet Radio Services) and UMTS (Universal Mobile Telecommunications System) technology,
- the proliferation of new communications products and services, especially IP and data services, and
- a shift from in-house management to vendor solutions and outsourcing.

We also believe that a key driver of demand is the continuing trend for communications and IP service providers to offer to their subscribers multiple service packages, commonly referred to as convergent services (combinations of voice, broadband, electronic and mobile commerce and IP services).

Another significant current market trend impacting our business is the growth of the IP services industry and market. The emergence and expansion of IP services creates significant opportunities for companies like us that offer CC&B Systems. Specifically, the development of this market permits us to offer our CC&B Systems to a growing group of new market entrants and to enhance our offerings to existing customers to facilitate their entry into the IP services market.

Although we believe that we are a leading provider of Directory Systems in most of the markets that we serve, revenue from this business is not expected to grow significantly.

License and service fee revenue from the sale of Directory Systems totaled \$131.8 million in the year ended September 30, 2000, accounting for 11.8% of our revenue for such period, as compared to \$158.6 million in fiscal 1999 and \$151.9 million in fiscal 1998, where license and service fee revenue from the sale of Directory Systems represented 25.3% and 37.6%, respectively, of our revenue for such periods.

The decrease in revenue from Directory Systems primarily reflects a reduction in the volume of Directory Systems services required by our existing

customers. We expect that the demand for our Directory Systems will remain relatively stable in future periods and that the contribution to total revenue, as a percentage of revenue, of license and service fees from Directory Systems services will continue to decrease over time.

RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

Our research and development activities involve the development of new software modules and product offerings in response to an identified market demand, either in conjunction with a customer project or as part of our product development program. We also expend additional amounts on applied research and software

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development activities to keep abreast of new technologies in the communications and IP market. Research and development expenditures amounted to \$74.9 million, \$40.9 million and \$25.6 million in fiscal 2000, 1999 and 1998, respectively, representing 6.7%, 6.5% and 6.3%, respectively, of our revenue in these fiscal years. In the next several years, we intend to continue to make substantial investments in our research and development activities and anticipate a significant increase in absolute dollar terms in research and development expenditures.

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 BSS offerings make it very difficult to copy such information or to subject such information to unauthorized use. We maintain sole ownership of our products.

ACQUISITIONS

On November 30, 1999, we completed the purchase of International Telecommunication Data Systems, Inc. ("ITDS") in a stock-for-stock transaction. The acquisition of ITDS, a leading provider of solutions to communications companies for outsourcing of billing operations, has expanded the scope of our CC&B Systems offering and, we believe, has further established our leadership in providing total solutions to the communications industry. In connection with the consummation of this transaction, we issued 6,461,376 ordinary shares and granted 1,102,955 options to purchase ordinary shares. The total purchase price of \$189.0 million included issuance of ordinary shares, the grant of options and transaction costs. The acquisition was accounted for using the purchase method of accounting. The fair market value of ITDS' assets and liabilities has been included in our balance sheet as of the acquisition date. An acquired technology valuation, which was determined by an independent specialist, included both existing technology and in-process research and development. The valuation of these items was made by applying the income forecast method, which considered the present value of cash flows by product lines. The fair value of existing technology products was valued at \$12.3 million and is being amortized over five years. In-process research and development, valued at \$19.9 million, was charged as an expense immediately following the completion of the acquisition since this technology had not reached technological feasibility and has no alternative use. Additional development, coding and testing efforts were required before technological feasibility could be determined. The fair value of customer base was valued at \$0.6 million and the fair value of workforce-in-place was valued at \$5.4 million, both of which are being amortized over five years. The excess of the purchase price over the net assets acquired, or goodwill, of \$71.2 million is being amortized over 15 years.

On April 5, 2000, we completed the purchase of Solect Technology Group Inc. ("Solect"), in a stock-for-stock transaction. The acquisition of Solect, a leading provider of billing and customer care software to IP service providers, including wireless and application service providers ("ASPs"), has expanded our IP service provider customer base for CC&B Systems. Under the terms of our combination agreement with Solect, all then outstanding Solect common shares were exchanged for shares of a newly issued class of exchangeable shares of Solect. The Solect exchangeable shares entitle holders to dividends and other rights economically equivalent to our ordinary shares, including the right,

through a voting trust, to vote at our shareholder meetings, and are exchangeable at the option of the holders into our ordinary shares on a one-for-one basis. The total purchase price of \$1,087.7 million included the issuance of 13,846,302 exchangeable shares, the grant of options to purchase 1,653,662 ordinary shares and transaction costs. An aggregate 1,170,000 of the exchangeable shares issued in the transaction have been placed in escrow until April 2001 to indemnify us against any breaches of representations or warranties under the combination agreement. The acquisition was accounted for using the purchase method of accounting. The fair market value of Solect's assets and liabilities has been included in our balance sheet as of the acquisition date. An acquired technology valuation, which was determined by an independent specialist, included both existing technology and in-process research and development. The valuation of these items was made by applying the income forecast method, which considered the present value of cash flows by product lines. The fair value of existing technology products was

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valued at \$18.3 million and is being amortized over two years. In-process research and development, valued at \$50.4 million, was charged as an expense immediately following the completion of the acquisition since this technology had not reached technological feasibility and has no alternative use. Additional development, coding and testing efforts were required before technological feasibility could be determined. The fair value of customer base was valued at \$1.2 million and the fair value of workforce-in-place was valued at \$3.3 million, both of which are being amortized over three years. The excess of the purchase price over the net assets acquired, or goodwill, of \$986.3 million is being amortized over five years.

In the future, we may consider additional acquisitions in order to acquire new products or services or otherwise enhance our market position or strategic strength.

OPERATING RESULTS

The following table sets forth for the fiscal years ended September 30, 2000, 1999 and 1998, certain items in our consolidated statements of operations reflected as a percentage of total revenue:

	YEAR ENDED SEPTEMBER 30,			
	2000	1999	1998	
	PRO FORMA (*)	AS REPORTED		
Revenue:				
License.....	11.2%	11.2%	11.9%	10.6%
Service.....	88.8	88.8	88.1	89.4
	-----	-----	-----	-----
	100.0	100.0	100.0	100.0
	-----	-----	-----	-----
Operating expenses:				
Cost of license.....	0.5	0.5	0.9	2.7
Cost of service.....	57.2	57.2	57.1	57.3
Research and development.....	6.7	6.7	6.5	6.3
Selling, general and administrative.....	12.3	12.3	12.1	12.7
Amortization of goodwill and purchased intangible assets.....	--	9.9	--	--
In-process research and development and other indirect acquisition-related costs.....	--	6.8	--	--
	-----	-----	-----	-----
	76.7	93.4	76.6	79.0
	-----	-----	-----	-----
Operating income.....	23.3	6.6	23.4	21.0
Other income (expense), net.....	1.0	1.0	(1.0)	(6.0)
	-----	-----	-----	-----
Income before income taxes.....	24.3	7.6	22.4	15.0
Income taxes.....	7.3	7.1	6.7	7.5
Cumulative effect of change in accounting principles, net.....	--	--	--	(**)
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Net income.....	17.0%	0.5%	15.7%	7.5%
	=====	=====	=====	=====

(*) The pro forma financial information excludes purchased in-process research and development charges and other indirect acquisition-related costs, amortization of goodwill and purchased intangible assets (collectively, the "ITDS and Solect acquisition-related charges") and related tax effects attributable to the ITDS and Solect transactions.

(**) Less than 0.1%.

YEARS ENDED SEPTEMBER 30, 2000 AND 1999

Revenue. Revenue for the year ended September 30, 2000 was \$1,118.3 million, an increase of \$491.5 million, or 78.4%, compared to fiscal 1999. Over 70% of the increase in revenue was due to the

continued growth in the demand for our CC&B Systems in our traditional target markets of high-end and mid-tier communications companies and less than 30% was attributable to our acquisitions of ITDS and Solect. Demand for customer care, billing and order management systems is diverse, as reflected by the broad cross section of new projects we were awarded in fiscal 2000. These projects covered customers in, among other locations, North America, Europe and Latin America, working within a wide range of operating environments, including wireline, wireless and IP. In many cases, we expanded our ongoing relationships with existing customers. In fiscal 2000, the demand for our CC&B Systems was primarily driven by the need for communications companies to upgrade their customer care, billing and order management systems in response to growth in their subscriber base, increased competition in the subscriber markets, and the need to offer convergent and IP services.

License revenue increased from \$74.4 million in fiscal 1999 to \$124.8 million in the year ended September 30, 2000, an increase of 67.8%. Service revenue increased from \$552.5 million in fiscal 1999 to \$993.5 million in fiscal 2000, an increase of \$441.0 million, or 79.8%.

Total CC&B Systems revenue for the year ended September 30, 2000 was \$986.6 million, an increase of \$518.3 million, or 110.7%, compared to fiscal 1999.

Revenue from Directory Systems decreased to \$131.8 million for the year ended September 30, 2000, from \$158.6 million for the prior fiscal year. The decrease in revenue from Directory Systems reflects a reduction in the volume of Directory Systems services required by our existing customers.

In the year ended September 30, 2000, revenue from customers in North America, Europe and the rest of the world accounted for 45.6%, 42.4% and 12.0%, respectively, compared to 36.1%, 41.8% and 22.1%, respectively, in the year ended September 30, 1999. The growth in North America was primarily attributable to revenue we gained from existing ITDS customers and to our forming or expanding relationships with new or existing customers in North America in fiscal 2000.

Cost of License. Cost of license for fiscal 2000 was \$5.6 million, an increase of \$0.1 million from cost of license for the prior fiscal year. Cost of license includes amortization of purchased computer software and intellectual property rights. The increase in cost of license for fiscal 2000 was primarily attributable to new purchases of computer software in fiscal 2000 and the related amortization.

Cost of Service. Cost of service for fiscal 2000 was \$639.9 million, an increase of \$282.1 million, or 78.8%, compared to cost of service of \$357.8 million for the year ended September 30, 1999. Cost of service is predominantly related to salary and employee related expenses. The absolute increase in cost of service is consistent with the increase in revenue for fiscal 2000, and reflects increased employment levels required to support our continued growth.

Research and Development. Research and development expense is primarily comprised of compensation expense attributed to research and development activities, either in conjunction with customer projects or as part of our

product development programs. In fiscal 2000, research and development expense was \$74.9 million, or 6.7% of revenue, compared with \$40.9 million, or 6.5% of revenue, in the previous fiscal year. The bulk of the increase in research and development expense represents ongoing expenditures primarily for CC&B Systems, with the balance attributable to Directory Systems.

Selling, General and Administrative. Selling, general and administrative expense is primarily comprised of compensation expense and increased by 81.1% to \$137.0 million, or 12.3% of revenue, in fiscal 2000, from \$75.7 million, or 12.1% of revenue, in the year ended September 30, 1999. The increase in selling, general and administrative expense is consistent with the increase in our revenue for fiscal 2000 and with our acquisitions of ITDS and Solect.

Amortization of Goodwill and Purchased Intangible Assets. Amortization of goodwill and purchased intangible assets in the year ended September 30, 2000 relates to the ITDS and Solect transactions.

In-process Research and Development and Other Indirect Acquisition-Related Costs. In-process research and development and other indirect acquisition-related costs in the year ended September 30, 2000

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consisted primarily of one-time charges related to the ITDS and Solect transactions of \$19.9 million and \$50.4 million, respectively, for write-offs of purchased in-process research and development.

Operating Income. Operating income for the year ended September 30, 2000 was \$74.1 million, as compared with \$147.0 million for the previous fiscal year, a decrease of 49.6%, primarily due to the ITDS and Solect acquisition-related charges. Pro forma operating income for the year ended September 30, 2000, excluding the ITDS and Solect acquisition-related charges, was \$260.9 million, or 23.3% of revenue, as compared with \$147.0 million, or 23.4% of revenue, in the year ended September 30, 1999, an increase of 77.5%.

Other Income (Expense), Net. Other income (expense), net consists primarily of interest income. In the year ended September 30, 2000, other income, net was \$10.7 million, an increase of \$16.9 million from other expense, net of \$6.2 million in the prior fiscal year. The increase in other income (expense), net is primarily attributed to increases in interest earned on cash equivalents and short-term interest-bearing investments.

Income Taxes. Income taxes in fiscal 2000 were \$78.9 million on income before income taxes of \$84.9 million. Our effective tax rate in fiscal 2000 (calculated based on the income taxes out of the income before income taxes, excluding non recurring charges for write-offs of purchased in-process research and development and other indirect acquisition-related costs) was 49%, resulting from the non-cash amortization of goodwill related to the acquisitions of ITDS and Solect, much of which is not tax deductible. The pro forma effective tax rate for the year ended September 30, 2000, excluding the ITDS and Solect acquisition-related charges, was 30%. Income taxes were \$42.2 million on income before income taxes of \$140.8 million in fiscal 1999. Our effective tax rate in fiscal 1999 was 30%. See discussion below -- "Effective Tax Rate".

Net Income. Net income was \$6.0 million in the year ended September 30, 2000, as compared to \$98.5 million for the previous fiscal year. Net income was 0.5% of revenue for fiscal 2000, as compared to 15.7% for fiscal 1999. Pro forma net income in fiscal 2000, excluding the ITDS and Solect acquisition-related charges, increased by 93.0% from fiscal 1999, reaching \$190.1 million, representing 17.0% of revenue.

Diluted Earnings per Share. Diluted earnings per share was \$0.03 for the year ended September 30, 2000, as compared with \$0.49 in fiscal 1999. Pro forma diluted earnings per share in the year ended September 30, 2000, excluding the ITDS and Solect acquisition-related charges, increased by 79.6% from the year ended September 30, 1999, reaching \$0.88 per diluted share.

YEARS ENDED SEPTEMBER 30, 1999 AND 1998

Revenue. Revenue for the year ended September 30, 1999 was \$626.9 million, an increase of \$223.1 million, or 55.3%, compared to fiscal 1998. The increase in revenue was primarily due to the growth in the demand for our CC&B Systems solutions in our traditional target markets of high-end and mid-tier

communications companies. In fiscal 1999, the demand for our CC&B Systems was primarily driven by the need for communications companies to upgrade their customer care, billing and order management systems in response to growth in their subscriber base, increased competition in the subscriber markets, and the need to offer convergent services.

License revenue increased from \$42.9 million in fiscal 1998 to \$74.4 million in the year ended September 30, 1999, an increase of 73.4%. Service revenue increased by \$191.6 million, or 53.1%, in fiscal 1999, from \$360.9 million in fiscal 1998 to \$552.5 million.

Total CC&B Systems revenue for the year ended September 30, 1999 was \$468.2 million, an increase of \$216.4 million, or 85.9%, compared to fiscal 1998.

Revenue from Directory Systems grew to \$158.6 million for the year ended September 30, 1999, from \$151.9 million for the prior fiscal year.

In the year ended September 30, 1999, revenue from customers in Europe, North America and the rest of the world accounted for 41.8%, 36.1% and 22.1%, respectively, compared to 27.2%, 52.2% and 20.6%, respectively, in the year ended September 30, 1998. The growth in revenue from customers in Europe was

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primarily attributable to increased competition among communications companies within Europe and deregulation of the European market.

Cost of License. Cost of license for fiscal 1999 was \$5.5 million, a decrease of \$5.2 million, from cost of license for the prior fiscal year. Cost of license included amortization of purchased computer software and intellectual property rights. The decrease in cost of license for fiscal 1999 was attributable primarily to reductions in the required amortization of certain purchased computer software.

Cost of Service. Cost of service for fiscal 1999 was \$357.8 million, an increase of \$126.4 million, or 54.7%, compared to cost of service of \$231.4 million for the year ended September 30, 1998. Cost of service was predominantly related to salary and employee related expenses. The absolute increase in cost of service was consistent with the increase in revenue for the year ended September 30, 1999.

Research and Development. Research and development expense was primarily comprised of compensation expense attributed to research and development activities, either in conjunction with customer projects or as part of our product development programs. In fiscal 1999, research and development expense was \$40.9 million, or 6.5% of revenue, compared with \$25.6 million, or 6.3% of revenue, in the previous fiscal year. The increase in research and development expense represented ongoing expenditures primarily for CC&B Systems and also for Directory Systems.

Selling, General and Administrative. Selling, general and administrative expense was primarily comprised of compensation expense and increased by 47.9% to \$75.7 million, or 12.1% of revenue, in fiscal 1999, from \$51.2 million, or 12.7% of revenue, in the year ended September 30, 1998. The absolute increase in selling, general and administrative expense was consistent with the increase in our revenue for fiscal 1999.

Operating Income. Operating income in the year ended September 30, 1999 was \$147.0 million, as compared with \$84.9 million in the previous fiscal year, an increase of 73.1%. Operating income was 23.4% of revenue for fiscal 1999, as compared to 21.0% for fiscal 1998.

Other Income (Expense), Net. Other income (expense), net consisted primarily of interest expense. In the year ended September 30, 1999, other expense, net was \$6.2 million, a decrease of \$17.9 million from the prior fiscal year. The decrease was primarily attributed to reductions in our bank debt through the use of cash from operations and the proceeds from our initial public offering in June 1998. Interest expense in fiscal 1998 related primarily to senior bank debt and subordinated debt.

Income Taxes. Income taxes in fiscal 1999 were \$42.2 million on income before income taxes of \$140.8 million, representing an overall effective tax rate of 30%. In fiscal 1998, income taxes were \$30.4 million on income before income taxes of \$60.8 million, representing an overall effective tax rate of

50%. This higher tax rate resulted from significant interest expense in a tax jurisdiction where we were tax exempt, giving us no tax benefit to offset the tax incurred by us in other jurisdictions.

Net Income. Net income was \$98.5 million in the year ended September 30, 1999 compared to \$30.1 million for the previous fiscal year. Net income was 15.7% of revenue for fiscal 1999, as compared to 7.5% for fiscal 1998.

Diluted Earnings per Share. Diluted earnings per share increased from \$0.19 in the year ended September 30, 1998 to \$0.49 in fiscal 1999.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents totaled \$402.3 million as of September 30, 2000, compared to \$85.2 million as of September 30, 1999. The increase in cash and cash equivalents is primarily attributable to cash flows from operations and, to a lesser degree, to cash balances of \$31.9 million and \$35.9 million we acquired as part of our acquisitions of ITDS and Solect, respectively, and to the exercise of employee stock options. Net cash provided by operating activities amounted to \$287.6 million and \$152.3 million for the years ended September 30, 2000 and 1999, respectively. A significant portion of our cash flow from operations during the year ended September 30, 2000 was used to invest in cash equivalents. We currently intend to retain our future earnings to support the further expansion of our business.

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As of September 30, 2000, we had short-term revolving lines of credit totaling \$140.0 million from various banks or bank groups, of which \$20.0 million was outstanding.

As of September 30, 2000, we also had utilized approximately \$19.3 million of revolving credit facilities to support outstanding letters of credit or bank guarantees.

As of September 30, 2000, we had positive working capital of \$319.0 million, as compared to positive working capital of \$35.9 million as of September 30, 1999. The increase in working capital is primarily attributable to cash generated from operating activities and to the cash obtained from our acquisitions of ITDS and Solect. In our opinion, current cash balances, cash generated from operations and our current lines of credit will provide sufficient resources to meet our near-term requirements.

As of September 30, 2000, we had long-term obligations outstanding of \$32.1 million in connection with leasing arrangements. Currently, our capital expenditures consist primarily of computer equipment and vehicles and are funded principally 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

As of September 30, 2000, deferred tax assets of \$16.7 million, derived primarily from carry-forward net operating losses relating to Solect pre-acquisition losses, were offset by valuation allowances due to the uncertainty of realizing any tax benefit for such losses. Upon the subsequent realization of any such net operating losses, the valuation allowance will be released, resulting in an offsetting reduction of the goodwill recorded in the Solect acquisition.

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 (calculated based on the income taxes out of the income before income taxes, excluding non recurring charges for write-offs of purchased in-process research and development and other indirect acquisition-related costs) for the year ended September 30, 2000 was 49%, compared to 30% in the year ended September 30, 1999. This higher effective tax rate was attributable to amortization of goodwill related to our acquisitions of ITDS and Solect, much of which is not tax deductible. Excluding the impact of the ITDS and Solect acquisition-related charges, the effective tax rate for the year ended September 30, 2000 was 30%.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

DIRECTORS AND SENIOR MANAGEMENT

We rely on the executive officers of our principal operating subsidiaries, including Amdocs, Inc. (the United States), Amdocs (UK) Limited (the United Kingdom), Amdocs Development Limited (Republic of Cyprus), Amdocs Management Limited (the United Kingdom), Amdocs (Israel) Limited (Israel), Amdocs Software Systems Ltd. (Ireland), International Telecommunication Data Systems, Inc. (the United States) and Solec Technology Group Inc. (Canada), to manage our business. In addition, Amdocs Management Limited, our management subsidiary, performs certain executive coordination functions for all of our operating subsidiaries.

As of December 22, 2000, our directors, senior managers and key employees upon whose work we are dependent are as follows:

NAME ----	AGE ----	POSITION -----
Bruce K. Anderson(1) (2).....	60	Chairman of the Board and Chief Executive Officer
Robert A. Minicucci(1) (2).....	48	Director and Chief Financial Officer
Avinoam Naor(2).....	52	Director; Chief Executive Officer of Amdocs Management Limited
Dov Baharav.....	50	Senior Vice President and Chief Financial Officer, Amdocs Management Limited
Nehemia Lemelbaum.....	57	Senior Vice President, Amdocs Management Limited
Mario Segal.....	53	Senior Vice President and Chief Operating Officer, Amdocs Management Limited
Eli Gelman.....	42	Senior Vice President, Amdocs Management Limited
Paul Atkinson.....	36	Senior Vice President, Amdocs Management Limited
Shlomo Baleli.....	44	Senior Vice President, Amdocs Management Limited
Thomas G. O'Brien.....	40	Treasurer and Secretary
Simon Cassif.....	58	Senior Vice President, Amdocs (UK) Limited
Melinos Pissourios.....	32	General Manager, Amdocs Development Limited
Kevin Picker.....	43	Director and General Manager, Amdocs (UK) Limited
Adrian Gardner(1) (2) (3).....	38	Director
James S. Kahan(1) (2).....	53	Director
John T. McLennan(3).....	55	Director
Lawrence Perlman(3).....	62	Director
Michael J. Price.....	43	Director
Modi Rosen.....	40	Director
Ron Zuckerman.....	43	Director

(1) Member of the Compensation Committee

(2) Member of Executive Committee

(3) Member of the Audit 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 that

specializes in the acquisition of companies in the information services, communications and health care industries. Investment partnerships affiliated with WCAS are collectively one of our largest shareholders. Mr. Anderson served for nine years with Automated Data Processing, Inc. ("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 Bridge Information Systems, Inc.

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 including Global Knowledge Networks, Inc., Alliance Data Systems, Inc., Headstrong, Inc. and Attachmate, Inc.

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 was a member of the team that founded 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 application and infrastructure software for communications systems and developing and marketing directory assistance systems. Mr. Naor was also a member of the team that established the computerized system for Golden Pages, the Israeli 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 first as Vice President and then as President of Amdocs, Inc., our principal U.S. subsidiary. Prior to joining Amdocs, Mr. Baharav served as Chief Operating Officer of Optrotech Ltd., a publicly held company that develops, manufactures and markets electro-optical devices.

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 company, 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 eventually became 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 Ensemble(TM) 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.

Eli Gelman is a Senior Vice President of Amdocs Management Limited, with responsibility for sales and strategic alliances. He has over 20 years of experience in the software industry, including over 10 years with Amdocs. Prior to his current position, he was a division president. He headed Amdocs' United States sales and marketing operations and helped spearhead our entry into the CC&B Systems market. Mr. Gelman was an account manager for our major European and North American installations, and has also led several major software development projects. Before joining Amdocs, Mr. Gelman was involved in the development of real-time software systems for communications networks.

Paul Atkinson has been a Senior Vice President of Amdocs Management Limited since October 2000, having overall responsibility for the Product Marketing and Marketing Communications

departments. Mr. Atkinson served as Chief Executive Officer of Solect from 1994 until the acquisition of Solect by Amdocs in April 2000. Prior to joining Solect, Mr. Atkinson was the President and co-founder of Southwest Sun, the independent representative of Sun Microsystems in central Canada.

Shlomo Baleli joined Amdocs in 1982 and has been a Senior Vice President of Amdocs Management Limited since October 2000. He has over 20 years experience in software engineering and in the development of software applications and infrastructure for communications systems and directory systems. Prior to joining Amdocs, he was a member of the team that established the computerized system for Golden Pages, the Israeli yellow pages company.

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.

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, billing and order management systems. 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's information technology strategy, systems development, maintenance and operations.

Melinos Pissourios is General Manager of Amdocs Development Limited. Mr. Pissourios, who joined Amdocs in April 1998, is also the Financial Controller of Amdocs Development Limited in Cyprus. Prior to joining Amdocs, Mr. Pissourios was the Group Financial Controller at AEC Holland Group. He also worked for KPMG Peat Marwick for four years. Mr. Pissourios is a member of the Institute of Chartered Accountants of England & Wales and of the Cyprus Institute of Certified Public Accountants and he is a registered auditor in Cyprus.

Kevin Picker has been a director and the General Manager of Amdocs (UK) Limited since October 1999. He joined the Amdocs group in 1997 as the financial director of Directory Technology (PTY) Ltd. From May 1992 Mr. Picker was the general manager of Myers Tyres in Australia and prior to that financial director of KM Printing and Publishing. Mr. Picker is a member of the Institute of Chartered Accountants in Australia (1994), the Israeli Institute of Certified Public Accountants (1995) and the South African Institute of Chartered Accountants (1980).

Adrian Gardner has been a director of Amdocs since April 1998. Mr. Gardner is a Managing Director of Lazard LLC, based in London, and works with technology and telecommunications-related companies. Prior to joining Lazard in 1989, Mr. Gardner qualified as a chartered accountant with Price Waterhouse (now PricewaterhouseCoopers). Mr. Gardner is a member of the Institute of Chartered Accountants in England & Wales and a member of The Securities Institute in the United Kingdom.

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 Executive 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. SBCI, a wholly-owned subsidiary of SBC, is one of our largest shareholders.

John T. McLennan has been a director of Amdocs since November 1999. Since May 1999, he has served as Vice-Chair and Chief Executive Officer of AT&T Canada. Mr. McLennan founded and was the President of Jenmark Consulting Inc. from 1997 until May 1999. From 1994 to 1997, Mr. McLennan served as the President and Chief Executive Officer of Bell Canada. Prior to that, he held various positions at several telecommunications companies, including BCE Mobile Communications and Cantel Inc. Mr. McLennan

currently serves on the board of directors of Hummingbird Corporation and several other private software and communication companies.

Lawrence Perlman has been a director of Amdocs since April 1998. He was Chairman of Ceridian Corporation from 1992 through 1999, and its Chief Executive Officer from 1990 through 1999. 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-Chairman of FirstMark Communications International LLC, a broadband communications company in Europe. 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, and PeoplePC.

Modi Rosen has been a director of Amdocs since December 2000. He founded and has been a co-manager of Magnum Communications Fund, a venture capital fund specializing in the Israeli telecommunications industry, since 1999. From 1997 to 1999, he was a Vice-President of Monitor Company, an international consulting group, where he advised European wireless and wireline companies, including Siemens. From 1991 to 1997, Mr. Rosen was a managing partner at Shaldor, an Israeli consultancy firm.

Ron Zuckerman has been a director of Amdocs since December 2000. He founded and has been Chairman of the Board of Precise Software Solutions, a Nasdaq-listed company and a provider of information technology infrastructure performance management software, since 1991. He also founded Sapiens International, a Nasdaq-listed company and global e-business solutions provider, where he has served as Chairman since 1998, and EC-Gate, a solutions provider for e-marketplaces, where he has served as Chairman since 1996.

COMPENSATION

Our directors who are not employees or affiliates of either the Company or any of our major shareholders have the choice of receiving as compensation either (i) an annual cash payment of \$30,000 or (ii) options to purchase 10,000 ordinary shares, one-quarter of which vest immediately and the remainder of which vest annually in three equal installments. Any such director who serves as a chairman of a committee also receives options to purchase 1,000 ordinary shares under the same terms. In addition, we pay each such director \$1,500 per meeting of the board of directors and \$500 per meeting of a committee of the board of directors. 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.

A total of 20 persons who served either as directors of Amdocs or members of its administrative, supervisory or management bodies during fiscal 2000 received remuneration from Amdocs. The aggregate remuneration paid by us to such persons was approximately \$7.1 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 such persons, expenses (including business travel, professional and business association dues) or other fringe benefits. Included in this amount is remuneration to a former executive officer and to three former members of our board of directors.

During fiscal 2000, directors or members of our administrative, supervisory or management bodies were granted options to purchase a total of 21,112 ordinary shares at an average price of \$43.45 per share, with vesting over three to four year terms. All options were issued pursuant to our 1998 Stock Option and Incentive Plan, as amended (the "Option Plan"). See "Employee Stock Option and Incentive Plan".

BOARD PRACTICES

All directors hold office until the next annual meeting of our shareholders, which generally is in January of each calendar year, or until their respective successors are duly elected and qualified or their positions are earlier vacated by resignation or otherwise.

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.

Other than an employment agreement between us and Mr. Naor, which provides that Mr. Naor shall be paid a cash severance upon termination of his employment, there are no service contracts between us and any of our directors providing for benefits upon termination of their employment.

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. Our Audit Committee consists of Messrs. Gardner, McLennan and Perlman, all of whom are independent directors, as required by the rules of the New York Stock Exchange, Inc. ("NYSE").

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. Our Compensation Committee consists of Messrs. Anderson, Gardner, Kahan and Minicucci. None of the members of the Committee was an employee of ours at any time during fiscal 2000.

We have also established an Executive Committee that 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 from time to time. Our Executive Committee consists of Messrs. Anderson, Gardner, Kahan, Minicucci and Naor.

EMPLOYEES

As of September 30, 2000, we employed on a full-time basis approximately 7,400 software and information technology specialists, engaged in research, development, maintenance and support activities, and approximately 1,000 managers and administrative professionals. We employ approximately 4,000 and 2,200 software and information technology specialists in Israel and North America, respectively, with the remaining principally located in Europe and the Asia-Pacific region. We often maintain teams of employees at a customer's premises to work on specific projects.

As of September 30, 1999, we employed on a full-time basis approximately 4,400 software and information technology specialists, engaged in research, development, maintenance and support activities, and approximately 600 managers and administrative professionals. We employed over 3,000 and 780 software and information technology specialists in Israel and North America, respectively, with the remaining located in Europe and the Asia-Pacific region.

As of September 30, 1998, we employed on a full-time basis approximately 2,900 software and information technology specialists, engaged in research, development, maintenance and support activities, and approximately 375 managers and administrative professionals. We employed over 2,100 and 500 software and information technology specialists in Israel and North America, respectively, with the remaining located in Europe and the Asia-Pacific region.

We have to comply with various labor and immigration laws throughout the world, including laws and regulations in Australia, Brazil, Canada, 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 principal 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

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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 consumer price index, or 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.

In addition, all employees in Brazil, including members of management, are represented by unions. Collective bargaining between employers and unions is mandatory, negotiated annually, and covers work conditions, including cost of living increases, minimum wages that exceed the government thresholds and overtime pay.

SHARE OWNERSHIP

SECURITY OWNERSHIP OF DIRECTORS AND SENIOR MANAGEMENT AND CERTAIN KEY EMPLOYEES

As of December 1, 2000, the aggregate number of our voting ordinary shares beneficially owned by our directors, senior managers and certain key employees was 68,369,254 shares. This number includes voting ordinary shares held by SBCI and WCAS since affiliates of SBCI and WCAS serve on our board of directors and, accordingly, such designees may be deemed to be the beneficial owners of the voting ordinary shares held by such entities. Each such designee disclaims beneficial ownership of such shares. The number also includes voting ordinary shares held by Amdocs International Limited ("AIL"), affiliates of which were on our board of directors at December 1, 2000 but have since resigned. See "Major Shareholders and Related Party Transactions -- Major Shareholders".

Beneficial ownership by a person assumes the exercise of all options and warrants held by such person that are currently exercisable or are exercisable within 60 days of such date.

EMPLOYEE STOCK OPTION AND INCENTIVE PLAN

The Option Plan provides for the grant by Amdocs of restricted shares or stock options to our directors, employees (including officers) and consultants. Of the 13,300,000 ordinary shares originally available for issuance under the Option Plan, options to purchase 10,427,565 ordinary shares have been granted as of December 1, 2000, and 2,872,435 ordinary shares remain available for future grants. The board of directors has authorized an increase of 19,000,000 ordinary shares to the Option Plan, subject to shareholder approval at our next general meeting of shareholders. The purpose of the Option Plan is to enable us to attract and retain qualified personnel and to motivate such persons by providing them with an equity participation in the Company.

The Option Plan provides for the granting of "incentive stock options" and "non-qualified stock options" to purchase ordinary shares and/or the granting of rights to purchase ordinary shares on a "restricted" basis. The terms and conditions of individual grants may vary subject to the following: (i) the exercise price of incentive stock options may not be less than market value on the date of grant; (ii) the term of incentive stock options may not exceed ten years from the date of grant; and (iii) no options or awards may be granted after January 2008.

The Option Plan is administered by the Compensation Committee, which determines all the terms of the awards (subject to the above), including which employees are granted awards. The board of directors may amend or terminate the Option Plan, provided that stockholder approval is required to increase the number of ordinary shares available under the Option Plan, to decrease the basis upon which the minimum exercise price of options is determined or to extend the term of an individual option or the period in which awards may be granted. Ordinary shares acquired upon exercise of an award are subject to certain

restrictions on sale, transfer or hypothecation.

As of December 1, 2000, there were outstanding options to purchase an aggregate 9,261,093 ordinary shares at exercise prices ranging from \$1.92 to \$77.25 per share and no restricted shares had been awarded.

As a result of the ITDS and Solect transactions, as of December 1, 2000, we are obligated to issue (and have reserved for issuance) an additional 566,592 and 1,087,337 ordinary shares, respectively, upon exercise of options that had previously been granted under the ITDS and Solect option plans. These options vest over a period of 3.5 years and have exercise prices ranging from \$0.001 to \$74.79 per share. No additional options have been or will be granted under these plans.

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ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

MAJOR SHAREHOLDERS

Our voting ordinary shares are owned 13.8% by AXA Financial, Inc. and its affiliates, 10.4% by SBCI, 9.4% by Amdocs International Limited ("AIL"), a private company beneficially owned by Morris S. Kahn and 8.4% by Welsh, Carson, Anderson & Stowe ("WCAS"), a private investment firm, and its affiliates.

As a result of the concentration of ownership of our voting ordinary 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.

The following table sets forth specified information with respect to the beneficial ownership as of December 1, 2000 of any person known by us to be the beneficial owner of more than 5% of our outstanding voting ordinary shares.

NAME AND ADDRESS -----	SHARES BENEFICIALLY OWNED (1) -----	PERCENTAGE OWNERSHIP (2) -----
AXA Financial, Inc. (3)..... 1290 Avenue of the Americas New York, New York 10104	27,453,122	13.8%
SBC International Inc. (4)..... 175 E. Houston Street San Antonio, Texas 78205-2233	20,654,138	10.4%
Amdocs International Limited (5)..... Suite 5, Tower Hill House Le Bordage, St. Peter Port Guernsey GY1 3QT The Channel Islands	18,744,442	9.4%
Welsh, Carson, Anderson & Stowe (6)..... 320 Park Avenue, Suite 2500 New York, New York 10022	16,752,911	8.4%

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

(2) The percentages shown are based on 198,370,603 voting ordinary shares outstanding on December 1, 2000.

(3) Includes 26,911,722 shares held indirectly through AXA Financial's majority-owned subsidiary Alliance Capital Management L.P. and 541,400 shares held indirectly through AXA Financial's wholly-owned subsidiary the Equitable Life Assurance Society of the United States.

(4) SBCI is a wholly-owned subsidiary of SBC, a company whose shares are publicly traded on the NYSE. SBCI also owns 22,864,373 non-voting ordinary

shares, which, together with its voting ordinary shares, represent 19.7% of our aggregate outstanding shares as of December 1, 2000. SBCI is the only shareholder that holds our non-voting ordinary shares. James S. Kahan, Senior Executive Vice President-Corporate Development of SBC, serves on our board of directors.

- (5) The number of shares shown as beneficially owned by AIL includes 10,000,000 voting ordinary shares that AIL may be required to deliver to the Amdocs Automatic Common Exchange Security Trust (the "TRACES Trust") upon the exchange of Automatic Common Exchange Securities that were issued and sold by the TRACES Trust in June 1999. The exchange date for the Automatic Common Exchange Securities will occur no earlier than June 11, 2002.

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- (6) Includes 10,857,994 voting ordinary shares held by Welsh, Carson, Anderson & Stowe VII, L.P., 3,107,681 voting ordinary shares held by Welsh, Carson, Anderson & Stowe VI, L.P. and 2,787,236 voting ordinary shares held by WCAS Capital Partners III, L.P. Bruce K. Anderson and Robert A. Minicucci, principals of the various WCAS entities, serve on our board of directors and as Chairman of the Board and Chief Executive Officer of Amdocs, and Chief Financial Officer of Amdocs, respectively.

Pursuant to a call option agreement entered into in September 1997 among various of our shareholders as of that date, a call option was exercised in November 1999, without the payment of any consideration, as a result of certain revenue and cash flow targets having been met by us, which resulted in the relative ownership of certain of our shareholders increasing or decreasing with no change in the aggregate number of our outstanding ordinary shares.

As of December 1, 2000, our ordinary shares were held by approximately 274 recordholders. Based on a review of the information provided to us by our transfer agent, 180 recordholders, holding approximately 83.0% of our outstanding ordinary shares, were residents of the United States.

RELATED PARTY TRANSACTIONS

INVESTMENT AGREEMENTS

In September 1997, Amdocs and affiliates of WCAS and certain other investors (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 junior promissory notes and ordinary shares issued by us 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, European Software Marketing Ltd. ("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, to acquire for \$40.0 million certain intellectual property rights from operating subsidiaries of SBC and 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.

SHAREHOLDERS AGREEMENTS

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

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which these shareholders have certain rights to have their shares registered for sale to the public under the Securities Act of 1933, as amended.

Pursuant to separate Shareholders Agreements entered into in 1995 among various of our shareholders as of that date, the parties thereto have, subject to the occurrence of specified events, call and put rights with respect to certain shares held by the parties. These rights expire ratably over time and fully expire in 2002. The exercise of such rights will not affect the number of our outstanding ordinary shares.

RELATIONSHIP WITH SBC

SBC and some of its operating subsidiaries are also significant customers of ours. During fiscal 2000, 1999 and 1998, SBC and those subsidiaries accounted for approximately 12.6%, 15.9% and 20.8%, respectively, of our revenue.

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 provide to SBC and its subsidiaries over the subsequent three years will be at least equal to a substantial portion of the services we provided to SBC as of such date.

OTHER RELATIONSHIPS

Since fiscal 1997, we have provided a CC&B Systems 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 certain office facilities and provides certain miscellaneous support services to us in Israel.

ITEM 8. FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Our Consolidated Financial Statements are set forth in our Current Report on Form 6-K dated December 29, 2000, which is incorporated herein by reference.

LEGAL PROCEEDINGS

We are not involved in any material legal proceedings.

DIVIDEND POLICY

We did not pay any cash dividends on our ordinary shares in fiscal 2000 or 1999. We paid cash dividends totaling \$478.7 million, \$19.3 million and \$37.9 million on our ordinary shares in each of fiscal 1998, 1997 and 1996, respectively. After the payment of the dividends in 1998 that followed a corporate reorganization, we decided in general to retain earnings to finance the development of our business. The payment of any future dividends will be paid by us based on conditions then existing, including our earnings, financial condition and capital requirements as well as other conditions we deem relevant. The terms of our existing debt and any additional debt that may be incurred by us may effectively limit our ability to pay dividends.

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ITEM 9. THE OFFER AND LISTING

Our ordinary shares have been quoted on the NYSE since June 19, 1998, under the symbol "DOX". The annual high and low reported sale prices for the ordinary shares were \$96.00 and \$19.81, respectively, for fiscal 2000 and were \$30.25 and \$8.75, respectively, for fiscal 1999. Through November 30, 2000, the high and low reported sale prices for the ordinary shares were as follows:

	HIGH -----	LOW -----
Fiscal Year ending September 30, 1998:		
Third Quarter (since June 19, 1998).....	\$16.50	\$14.00
Fourth Quarter.....	\$16.38	\$ 8.19
Fiscal Year ending September 30, 1999:		
First Quarter.....	\$17.50	\$ 8.75
Second Quarter.....	\$26.38	\$13.50
Third Quarter.....	\$29.69	\$18.38
Fourth Quarter.....	\$30.25	\$20.00
Fiscal Year ending September 30, 2000:		
First Quarter.....	\$37.94	\$19.81
Second Quarter.....	\$96.00	\$32.44
Third Quarter.....	\$88.75	\$49.00
Fourth Quarter.....	\$88.75	\$59.38
Most recent six months:		
June, 2000.....	\$81.50	\$62.50
July, 2000.....	\$88.75	\$66.13
August, 2000.....	\$73.38	\$59.38
September, 2000.....	\$72.75	\$60.00
October, 2000.....	\$67.38	\$53.88
November, 2000.....	\$73.50	\$51.63

ITEM 10. ADDITIONAL INFORMATION

MEMORANDUM AND ARTICLES OF ASSOCIATION

The Company is registered at the Greffe (Companies Registry) in Guernsey, the Channel Islands and has been assigned company number 19528, registered office situated at Suite 5, Tower Hill House, Le Bordage, St Peter Port, Island of Guernsey, GY1 3QT, Channel Islands. The telephone number at that location is 011-44-1481-728444.

The purpose of the Company is to perform any and all corporate activities permissible under Guernsey law and are set forth in detail at Clause 3(1) to (37) of the Memorandum of Association of the Company (the "Memorandum of Association").

Article 21(2) of the Amended and Restated Articles of Association of the Company (the "Articles of Association") provides that a director may vote in respect of any contract or arrangement in which such director has an interest notwithstanding such director's interest and an interested director will not be liable to the Company for any profit realized through any such contract or arrangement by reason of such director holding the office of director. Article 21 of the Articles of Association provides that the remuneration of the directors shall from time to time be determined by the Company by ordinary resolution. No provision is made in the Articles of Association for directors to vote compensation to themselves or any members of their body under any circumstances. Article 22 provides that directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital or any part thereof, and to issue securities whether outright or as security for any debt, liability or obligation of the Company for any third party. Such borrowing powers can only be altered through an amendment to the Articles of Association. Directors of the Company are not required to own shares of the Company in order to serve as directors.

preferred shares with a par value of L0.01 per share and (ii) 550,000,000 ordinary shares with a par value of L0.01 per share, consisting of 500,000,000 voting ordinary shares and 50,000,000 non-voting ordinary shares. The rights, preferences and restrictions attaching to each class of the shares are as follows:

PREFERRED SHARES

- Issue -- the preferred shares may be issued from time to time in one or more series of any number of shares up to the amount authorized.
- Directors Authorization to Issue Preferred Shares -- authority is vested in the directors from time to time to authorize the issue of one or more series of preferred shares and to provide for the designations, powers, preferences and relative participating, optional or other special rights and qualifications, limitations or restrictions thereon.
- Relative Rights -- all shares of any one series of preferred shares must be identical with each other in all respects, except that shares of any one series issued at different times may differ as to the dates from which dividends shall be cumulative.
- Liquidation -- in the event of any liquidation, dissolution or winding-up of the Company, the holders of preferred shares are entitled to preference with respect to payment and to receive payment (at the rate fixed in any resolution or resolutions adopted by the directors in such case) plus an amount equal to all dividends accumulated to the date of final distribution to such holders. The holders of preferred shares are entitled to no further payment other than that stated above. If upon any liquidation the assets of the Company are insufficient to pay in full the amount stated above then such assets shall be distributed among the holders of preferred shares.
- Voting Rights -- except as otherwise provided for by the directors upon the issue of any new series of preferred shares, the holders of shares of preferred shares have no right or power to vote on any question or in any proceeding or to be represented at, or to receive notice of, any meeting of members.

ORDINARY SHARES AND NON-VOTING ORDINARY SHARES

Except as otherwise provided by the Memorandum of Association and Articles of Association, the ordinary shares and non-voting ordinary shares are identical and entitle holders thereof to the same rights and privileges.

- Dividends -- when and as dividends are declared on the shares of the Company the holders of voting ordinary shares and non-voting shares are entitled to share equally, share for share, in such dividends except that if dividends are declared which are payable in voting ordinary shares or non-voting ordinary shares, dividends must be declared which are payable at the same rate in both classes of shares.
- Conversion of Non-Voting Ordinary Shares into Voting Ordinary Shares -- upon the transfer of non-voting ordinary shares from the original holder thereof to any third party not affiliated with such original holder, non-voting ordinary shares are redesignated in the books of the Company as voting ordinary shares and automatically convert into the same number of voting ordinary shares.
- Liquidation -- upon any liquidation, dissolution or winding-up of the Company, the assets of the Company remaining after creditors and the holders of any preferred shares have been paid in full shall be distributed to the holders of voting ordinary shares and non-voting ordinary shares equally share for share.
- Voting Rights -- the holders of voting ordinary shares are entitled to vote on all matters to be voted on by the members, and the holders of non-voting ordinary shares are not entitled to any voting rights.
- Preferences -- except for liquidation preference, the voting ordinary shares and non-voting ordinary shares are subject to all the powers, rights, privileges, preferences and priorities of the preferred shares as are set out in the Articles of Association.

As regards both preferred shares and voting and non-voting ordinary shares, the Company has power to purchase any of its own shares, whether or not they are redeemable and may make a payment out of capital for such purchase.

There are no provisions for a classified board of directors or for cumulative voting for directors.

Article 8 of the Articles of Association provides that all or any of the rights, privileges, or conditions attached to any class or group of shares may be changed as follows:

- by an agreement between the Company and any person purporting to contract on behalf of the holders of shares of the class or group affected, provided that such agreement is ratified in writing by the holders of at least two-thirds of the issued shares of the class affected; or
- with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of an extraordinary resolution passed by majority of three-fourths of the votes of the holders of shares of the class or group affected entitled to vote and voting in person or by attorney or proxy and passed at a separate meeting of the holders of such shares but not otherwise.

The Companies (Guernsey) Law, 1994 (the "Companies Law") provides that, where not provided for in the Articles of Association, a special resolution of the shareholders is required to alter the Articles of Association. A special resolution must be passed by not less than three-quarters of the votes recorded at a meeting called for purposes of voting on the matter. As such, the conditions set out above are as significant as the requirements of Guernsey law.

Provisions in respect of the holding of general meetings and extraordinary general meetings are set out at Articles 14, 15 and 16 of the Articles of Association. The Articles provide that an annual general meeting must be held once in every calendar year (provided that not more than 15 months have elapsed since the last such meeting) at such time and place as the directors appoint and, in default, an annual general meeting may be convened by any two members holding at least 10% in the aggregate of the Company's share capital. The directors may, whenever they deem fit, convene an extraordinary general meeting, and extraordinary general meetings will also be convened on the requisition in writing of holders of at least 20% of the issued share capital of the Company carrying voting rights or, if the directors fail upon such requisition to convene such meeting within 21 days then such meeting may be convened by such holders in such manner as provided by the Companies Law. A minimum of 10 days' written notice is required in connection with an annual general meeting and a minimum of 14 days' written notice is required in connection with any other meeting. The notice shall specify the place, the day and the hour of the meeting, and in the case of any special business, the general nature of that business to such persons as are entitled by the Articles of Association to receive such notices from the Company provided that a meeting of the Company shall, notwithstanding that it is called by shorter notice than that specified in the Articles, be deemed to have been duly called if it is so agreed by all the members entitled to attend and vote thereat.

There are no limitations on the rights to own securities, including the rights of non-resident or foreign shareholders to hold or exercise voting rights on the securities.

There are no provisions in the Memorandum of Association or Articles of Association that would have the effect of delaying, deferring or preventing a change in control of the Company and that would operate only with respect to a merger, acquisition or corporate restructuring involving the Company (or any of its subsidiaries).

There are no provisions in the Memorandum of Association or Articles of Association governing the ownership threshold above which shareholder ownership must be disclosed. United States federal law, however, requires that all directors, executive officers and holders of 10% or more of the stock of a company that has a class of stock registered under the Securities Exchange Act of 1934, as amended, disclose such ownership. In addition, holders of more than 5% of a registered equity security must disclose such ownership.

Pursuant to Article 13 of the Articles of Association, the Company may from time to time by ordinary resolution increase the share capital by such sum, to

be divided into shares of such amount, as the resolution prescribes. A restructuring of the existing share capital must be done by extraordinary resolution, and the

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Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in accordance with Guernsey law. These provisions in relation to the alteration of the Company's capital are in accordance with but no more onerous than the Companies Law.

MATERIAL CONTRACTS

Other than the ITDS and Solect acquisition transaction agreements and related documents, in the past two years we have not entered into any material contracts other than contracts entered into in the ordinary course of our business. See "Information on the Company -- History and Development of Amdocs".

EXCHANGE CONTROLS

Not applicable.

TAXATION

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 in the countries in which we operate and the relative magnitude of our activities in those countries. Our consolidated effective tax rate (calculated based on the income taxes out of the income before income taxes, excluding nonrecurring charges for write-offs of purchased in-process research and development and other indirect acquisition-related costs) for fiscal 2000 was 49%. This higher effective tax rate was attributable to amortization of goodwill related to our acquisitions of ITDS and Solect, much of which is not tax deductible. Excluding the impact of the ITDS and Solect acquisition-related charges, the effective tax rate for fiscal 2000 was 30%. 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, Ireland 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.

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 conducted by it are 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 Irish Tax Considerations

Our Irish subsidiary, Amdocs Software Systems Ltd., operates a development center. The corporation tax rate on its trading activities is 24% for 2000 and will decline to 20% in 2001 and to 16% in 2002, and finally to 12.5% in 2003. The subsidiary has entered into an agreement with the Irish Industrial Development Agency pursuant to which it qualifies for certain job creation grants and, consequently, certain activities conducted by it are deemed to be manufacturing activities for the purpose of Irish taxation. As a result, the subsidiary is subject to a corporation tax rate in Ireland of 10% with respect to its manufacturing activities. This tax rate on manufacturing activities will be available to our Irish subsidiary until December 31, 2002. As of January 1, 2003, our Irish subsidiary will be subject to a single corporation tax rate of 12.5% on all of its trading and manufacturing activities.

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. 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 (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 we qualify as a Foreign Investors' Company ("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

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upon 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 an instrument of approval issued in December 1997 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

Certain United States Federal Income Tax Considerations

The following discussion describes the material United States federal income tax consequences to a holder of our 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,
- (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.

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This summary generally considers only U.S. holders that 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 (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.

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 our 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 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 ("IRS") 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 IRS.

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Certain Guernsey Tax Considerations

Under the laws of Guernsey as currently in effect, a holder of our 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 exempt from Guernsey income tax on dividends paid with respect to the ordinary shares and is 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 the holders of our 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.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

CURRENCY FLUCTUATIONS

Approximately 89% of our revenue is in dollars or linked to the dollar and therefore the dollar is our functional currency. Approximately 58% 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, British pounds, Canadian dollars, the European Monetary Union currency ("euro") 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 September 30, 2000, we had hedged most of our significant exposures in currencies other than the dollar.

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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 20 to our Consolidated Financial Statements, set forth in our Current Report on Form 6-K dated December 29, 2000. The following table summarizes our foreign currency forward exchange agreements as of September 30, 2000. The table (all dollar amounts in millions) presents the notional amounts, weighted average exchange rates by expected (contractual) maturity dates, and fair value of the total derivative instruments as of September 30, 2000. Notional values and average contract rates are calculated based on forward rates as of September 30, 2000, dollar translated.

FOR THE YEAR ENDED SEPTEMBER 30,			AS OF
2001	2002	2003	SEPTEMBER 30, 2000
			FAIR VALUE OF
			DERIVATIVE

Forward contracts to sell foreign currency in dollars:
British Pounds

Notional value.....	\$ 19.35	--	--	\$ (1.10)
---------------------	----------	----	----	-----------

Average contract rate.....	1.57	--	--	--
Canadian Dollars				
Notional value.....	\$ 1.96	\$ 6.37	--	\$ (0.17)
Average contract rate.....	1.46	1.46	--	--
Euro (Deutsche Marks)				
Notional value.....	\$ 0.18	--	--	(*)
Average contract rate.....	2.19	--	--	--
Forward contracts to buy foreign currency for dollars:				
Australian Dollars				
Notional value.....	\$ 11.54	\$ 6.00	\$ 4.70	\$ 3.05
Average contract rate.....	0.61	0.65	0.65	--
Israeli Shekels				
Notional value.....	\$196.70	--	--	\$ (4.79)
Average contract rate.....	4.15	--	--	--

(*) Less than \$100,000

INTEREST RATE RISK

Our interest expenses and income are sensitive to changes in interest rates, as all of our cash reserves and borrowings are subject to interest rate changes. Excess liquidity is invested in short-term interest-bearing investments. Such short-term interest-bearing investments consist primarily of United States governmental securities and commercial paper and currently bear minimal interest rate risk. As of September 30, 2000, we had approximately \$20.0 million outstanding on our revolving line of credit and short-term credit agreements and \$32.1 million recorded as long-term lease obligations, which in the aggregate bear minimal interest rate risk.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

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PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable

PART III

ITEM 17. FINANCIAL STATEMENTS

Not applicable.

ITEM 18. FINANCIAL STATEMENTS

FINANCIAL STATEMENTS AND SCHEDULE

Our Consolidated Financial Statements and related schedule are set forth in our Current Report on Form 6-K dated December 29, 2000, which is incorporated herein by reference.

ITEM 19. EXHIBITS

1. Memorandum and Articles of Association of Amdocs Limited (Exhibits 3.1 and 3.2 to Amdocs' Registration Statement on Form F-1 dated June 19, 1998; Registration No. 333-8826)
3. Voting and Exchange Trust Agreement dated as of April 5, 2000 among Amdocs Limited, Amdocs (Denmark) ApS., Amdocs Holdings ULC, Solect Technology Group Inc. and The Trust

- Company of Bank of Montreal
- 4.a.1 Agreement and Plan of Merger dated as of September 3, 1999 among Amdocs Limited, Ivan Acquisition Corp. and International Telecommunication Data Systems, Inc. (Exhibit 2.1 to Amdocs' Current Report on Form 6-K dated September 10, 1999)
- 4.a.2 Combination Agreement dated as of February 28, 2000 among Amdocs Limited, Solec Technology Group Inc., Amdocs (Denmark) ApS. and Amdocs Holdings ULC (Exhibit 2.1 to Amdocs' Current Report on Form 6-K dated March 3, 2000)
- 8. Subsidiaries of Amdocs Limited
- 10.a.1 Consent of Ernst & Young LLP

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SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Amdocs Limited

/s/ THOMAS G. O'BRIEN

 Thomas G. O'Brien
 Treasurer and Secretary
 Authorized U.S. Representative

Date: January 4, 2001

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EXHIBIT INDEX

EXHIBIT NO. -----	DESCRIPTION -----
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8.	Subsidiaries of Amdocs Limited
10.a.1	Consent of Ernst & Young LLP

VOTING AND EXCHANGE TRUST AGREEMENT

AGREEMENT dated as of April 5, 2000, among Amdocs Limited, a corporation existing under the laws of Guernsey ("Amdocs"), Amdocs (Denmark) ApS., a corporation existing under the laws of Denmark ("Parentco"), Amdocs Holdings ULC, an unlimited liability company formed under the laws of Nova Scotia ("Holdco"), Solect Technology Group Inc., a corporation existing under the laws of New Brunswick (the "Company") and The Trust Company of Bank of Montreal, a trust company existing under the laws of Canada (the "Trustee").

WHEREAS, pursuant to a Combination Agreement dated as of February 28, 2000 (such agreement, as it may be amended or restated, is hereinafter referred to as the "Combination Agreement"), among Amdocs, Parentco, Holdco and the Company, such parties agreed that on the Effective Date (as defined in the Combination Agreement), they would execute and deliver a Voting and Exchange Trust Agreement substantially in the form of Exhibit 6.2(b)(ii) thereto together with such other terms and conditions as may be agreed to by such parties acting reasonably;

WHEREAS, pursuant to the share restructuring plan (the "Share Restructuring") effected by articles of amendment (the "Articles of Amendment") giving effect to the share restructuring plan (the "Share Restructuring Plan") filed pursuant to the New Brunswick Business Corporations Act, as amended, each issued and outstanding common share of the Company (a "Company Common Share") was exchanged for .57281 issued and outstanding Exchangeable Non-Voting Shares of the Company (the "Exchangeable Shares"), and thereafter, the Company's sole issued and outstanding Class A Preferred Share was exchanged by the holder thereof for one issued and outstanding Company Common Share;

WHEREAS, the above-mentioned Articles of Amendment set forth the rights, privileges, restrictions and conditions (collectively, the "Exchangeable Share Provisions") attaching to the Exchangeable Shares; and

WHEREAS, Amdocs is to provide voting rights in Amdocs to each holder (other than Amdocs, its subsidiaries and Affiliates) from time to time of Exchangeable Shares, such voting rights attaching to each Exchangeable Share to be equivalent to the voting rights attaching to each ordinary voting share of Amdocs share capital (collectively, "Amdocs Ordinary Shares");

WHEREAS, Holdco is to grant to and in favor of the holders (other than Amdocs, its subsidiaries and Affiliates) from time to time of Exchangeable Shares the right, in

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the circumstances set forth herein, to require Holdco to purchase from each such holder all or any part of the Exchangeable Shares held by the holder;

WHEREAS, the parties desire to make appropriate provision and to establish a procedure whereby voting rights in Amdocs shall be exercisable by holders (other than Amdocs, its subsidiaries and Affiliates) from time to time of Exchangeable Shares by and through the Trustee, which will hold legal title to one Special Voting Share, L0.01 par value (the "Amdocs Special Voting Share"), of Amdocs to which voting rights attach for the benefit of the holders of Exchangeable Shares of the Company and whereby the rights to require Holdco to purchase Exchangeable Shares from the holders thereof (other than Amdocs, its subsidiaries and Affiliates) shall be exercisable by such holders from time to time of Exchangeable Shares by and through the Trustee, which will hold legal title to such rights for the benefit of such holders; and

WHEREAS, these recitals and any statements of fact in this Agreement are made by the other parties hereto and not by the Trustee;

NOW, THEREFORE, in consideration of the respective covenants and agreements provided in this Agreement and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 DEFINITIONS

In this Agreement, the following terms shall have the following meanings:

"AFFILIATE" of any person means any other person directly or indirectly controlled by, or under common control of, that person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control of"), as applied to any person, means the possession by another person, directly or indirectly, of the power to direct or cause the direction of the management and policies of that first mentioned person, whether through the ownership of voting securities, by contract or otherwise.

"AMDOCS ORDINARY SHARES" has the meaning ascribed thereto in the recitals hereto.

"AMDOCS CONSENT" has the meaning ascribed thereto in Section 4.2 hereof.

"AMDOCS MEETING" has the meaning ascribed thereto in Section 4.2 hereof.

"AMDOCS SPECIAL VOTING SHARE" has the meaning ascribed thereto in the recitals hereto.

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"AMDOCS SUCCESSOR" has the meaning ascribed thereto in Section 11.1(a) hereof.

"AUTOMATIC EXCHANGE RIGHTS" means the benefit of the obligation of Holdco to effect the automatic exchange of Amdocs Ordinary Shares for Exchangeable Shares pursuant to Section 5.12 hereof.

"BOARD OF DIRECTORS" means the Board of Directors of the Company.

"BUSINESS DAY" means a day other than a Saturday, a Sunday or a statutory holiday in Toronto, Ontario or New York, New York.

"CANADIAN DOLLAR EQUIVALENT" means in respect of an amount expressed in a foreign currency (the "Foreign Currency Amount") at any date the product obtained by multiplying (a) the Foreign Currency Amount by (b) the noon spot exchange rate on such date for such foreign currency expressed in Canadian dollars as reported by the Bank of Canada or, in the event such spot exchange rate is not available, such exchange rate on such date for such foreign currency expressed in Canadian dollars as may be deemed by the Board of Directors to be appropriate for such purpose.

"COMPANY COMMON SHARES" has the meaning ascribed thereto in the recitals hereto.

"COURT" means the Court of Queen's Bench of New Brunswick.

"CURRENT MARKET PRICE" means, in respect of an Amdocs Ordinary Share on any date, the Canadian Dollar Equivalent of the average closing price (computed and rounded to the third decimal point) of Amdocs Ordinary Shares during a period of 20 consecutive trading days ending not more than three trading days before such date on the New York Stock Exchange, or, if Amdocs Ordinary Shares are not then listed on the New York Stock Exchange, on such other stock exchange or automated quotation system on which Amdocs Ordinary Shares are listed or quoted, as the case may be, as may be selected by the Board of Directors for such purpose; provided, however, that if in the opinion of the Board of Directors the public distribution or trading activity of Amdocs Ordinary Shares during such period does not create a market which reflects the fair market value of an Amdocs Ordinary Share, then the Current Market Price of an Amdocs Ordinary Share shall be determined by the Board of Directors based upon the advice of such qualified independent financial advisors as the Board of Directors may deem to be appropriate, and provided further that any such selection, opinion or determination by the Board of Directors shall be conclusive and binding.

"EXCHANGE RIGHT" has the meaning ascribed thereto in Section 5.1 hereof.

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"EXCHANGEABLE SHARE PROVISIONS" means the rights, privileges, restrictions and conditions attaching to the Exchangeable Shares.

"EXCHANGEABLE SHARES" has the meaning ascribed thereto in the recitals hereto.

"HOLDER VOTES" has the meaning ascribed thereto in Section 4.2 hereof.

"HOLDERS" means the registered holders from time to time of Exchangeable Shares, other than Amdocs and its Affiliates.

"INSOLVENCY EVENT" means the institution by the Company of any proceeding to be adjudicated a bankrupt or insolvent or to be dissolved or wound up, or the consent of the Company to the institution of bankruptcy, insolvency, dissolution or winding up proceedings against it, or the filing of a petition, answer or consent seeking dissolution or winding up under any bankruptcy, insolvency or analogous laws, including without limitation the Companies Creditors' Arrangement Act (Canada) and the Bankruptcy and Insolvency Act (Canada), and the failure by the Company to contest in good faith any such proceedings commenced in respect of the Company within 30 days of becoming aware thereof, or the consent by the Company to the filing of any such petition or to the appointment of a receiver, or the making by the Company of a general assignment for the benefit of creditors, or the admission in writing by the Company of its inability to pay its debts generally as they become due, or the Company not being permitted, pursuant to solvency requirements of applicable law, to redeem any Retracted Shares pursuant to Section 6.6 of the Exchangeable Share Provisions.

"ITA" means the Income Tax Act (Canada), as amended.

"LIQUIDATION CALL RIGHT" has the meaning ascribed thereto in Section 1.1 of the Share Restructuring Plan.

"LIQUIDATION EVENT" has the meaning ascribed thereto in Section 5.12(b) hereof.

"LIQUIDATION EVENT EFFECTIVE DATE" has the meaning ascribed thereto in Section 5.12(c) hereof.

"LIST" has the meaning ascribed thereto in Section 4.6 hereof.

"NBBCA" means the New Brunswick Business Corporations Act, as amended.

"OFFICER'S CERTIFICATE" means, with respect to Amdocs or the Company, as the case may be, a certificate signed by any one of the Chairman of the Board, the Vice-Chairman of the Board, the President, any Vice-President or any other senior officer of Amdocs or the Company, as the case may be.

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"PERSON" includes an individual, partnership, corporation, company, unincorporated syndicate or organization, trust, trustee, executor, administrator and other legal representative or legal entity.

"REDEMPTION CALL RIGHT" has the meaning ascribed thereto in Section 1.1 of the Exchangeable Share Provisions.

"RETRACTED SHARES" has the meaning ascribed thereto in Section 5.7 hereof.

"RETRACTION CALL RIGHT" has the meaning ascribed thereto in Section 6.1 of the Exchangeable Share Provisions.

"SHARE RESTRUCTURING" has the meaning ascribed thereto in the recitals hereto.

"SHARE RESTRUCTURING PLAN" has the meaning ascribed thereto in the recitals hereto.

"SUPPORT AGREEMENT" means that certain Support Agreement dated as of the date hereof among the Company, Amdocs, Parentco and Holdco.

"TRUST" means the trust created by this agreement.

"TRUST ESTATE" means the Voting Share, any other securities, the Exchange Right, the Automatic Exchange Rights and any money or other property which may be held by the Trustee from time to time pursuant to this Agreement.

"TRUSTEE" means The Trust Company of Bank of Montreal and, subject to the provisions of Article 10 hereof, includes any successor trustee or permitted assigns.

"VOTING RIGHTS" means the voting rights attached to the Voting Share.

"VOTING SHARE" means the one Amdocs Special Voting Share issued by Amdocs to and deposited with the Trustee, which entitles the holder of record to a number of votes at meetings of holders of Amdocs Ordinary Shares equal to the number of Exchangeable Shares outstanding from time to time other than Exchangeable Shares held by Amdocs, its direct or indirect subsidiaries and its Affiliates.

1.2 INTERPRETATION NOT AFFECTED BY HEADINGS, ETC.

The division of this Agreement into articles, sections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

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1.3 NUMBER, GENDER, ETC.

Words importing the singular number only shall include the plural and vice versa. Words importing the use of any gender shall include all genders.

1.4 DATE FOR ANY ACTION

If any date on which any action is required to be taken under this Agreement is not a Business Day, such action shall be required to be taken on the next succeeding Business Day.

ARTICLE 2 PURPOSE OF AGREEMENT

2.1 ESTABLISHMENT OF TRUST

The purpose of this Agreement is to create the Trust for the benefit of the Holders, as herein provided. The Trustee will hold the Voting Share in order to enable the Trustee to exercise the Voting Rights and will hold the Exchange Right and the Automatic Exchange Rights in order to enable the Trustee to exercise such rights, and any money or other property comprising the Trust Estate, in each case as trustee for and on behalf of the Holders as provided in this Agreement.

ARTICLE 3 VOTING SHARE

3.1 ISSUE AND OWNERSHIP OF THE VOTING SHARE

Amdocs hereby issues to and deposits with the Trustee the Voting Share to be hereafter held of record by the Trustee as trustee for and on behalf of, and for the use and benefit of, the Holders and in accordance with the provisions of this Agreement. Amdocs hereby acknowledges receipt from the Trustee as trustee for and on behalf of the Holders of good and valuable

consideration (and the adequacy thereof) for the issuance of the Voting Share by Amdocs to the Trustee. During the term of the Trust and subject to the terms and conditions of this Agreement, the Trustee shall possess and be vested with full legal ownership of the Voting Share and shall be entitled to exercise all of the rights and powers of an owner with respect to the Voting Share, provided that the Trustee shall:

- (a) hold the Voting Share and the legal title thereto as trustee solely for the use and benefit of the Holders in accordance with the provisions of this Agreement; and

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- (b) except as specifically authorized by this Agreement, have no power or authority to sell, transfer, vote or otherwise deal in or with the Voting Share and the Voting Share shall not be used or disposed of by the Trustee for any purpose other than the purposes for which the Trust is created pursuant to this Agreement.

3.2 LEGENDED SHARE CERTIFICATES

The Company will cause each certificate representing Exchangeable Shares to bear an appropriate legend notifying the Holders of their right to instruct the Trustee with respect to the exercise of the Voting Rights with respect to the Exchangeable Shares held by a Holder.

3.3 SAFE KEEPING OF CERTIFICATE

The certificate representing the Voting Share shall at all times be held in safe keeping by the Trustee.

ARTICLE 4 EXERCISE OF VOTING RIGHTS

4.1 VOTING RIGHTS

The Trustee, as the holder of record of the Voting Share, shall be entitled to all of the Voting Rights, including the right to consent to or to vote in person or by proxy the Voting Share, on any matter, question, proposal or proposition whatsoever that may properly come before the shareholders of Amdocs at an Amdocs Meeting or in connection with an Amdocs Consent. The Voting Rights shall be and remain vested in and exercised by the Trustee. Subject to Section 7.15 hereof, the Trustee shall exercise the Voting Rights only on the basis of instructions received pursuant to this Article 4 from Holders entitled to instruct the Trustee as to the voting thereof at the time at which an Amdocs Consent is sought or an Amdocs Meeting is held. To the extent that no instructions are received from a Holder with respect to the Voting Rights to which such Holder is entitled, the Trustee shall not exercise or permit the exercise of such Holder's Voting Rights.

4.2 NUMBER OF VOTES

With respect to all meetings of shareholders of Amdocs at which holders of Amdocs Ordinary Shares are entitled to vote (an "Amdocs Meeting") and with respect to all written consents sought by Amdocs from its shareholders including the holders of shares of Amdocs Ordinary Shares (an "Amdocs Consent"), each Holder shall be entitled to instruct the Trustee to cast and exercise, in the manner instructed, one of the votes comprised in the Voting Rights for each Exchangeable Share owned of record by such Holder on the record date established by Amdocs or by applicable law for such Amdocs Meeting or Amdocs Consent, as

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the case may be (the "Holder Votes") in respect of each matter, question, proposal or proposition to be voted on at such Amdocs Meeting or to be consented to in connection with such Amdocs Consent.

4.3 MAILINGS TO SHAREHOLDERS

With respect to each Amdocs Meeting and Amdocs Consent, the Trustee will mail or cause to be mailed (or otherwise communicate in the same manner as Amdocs utilizes in communications to holders of Amdocs Ordinary Shares) to each of the Holders named in the List on the same day as the initial mailing or notice (or other communication) with respect thereto is given by Amdocs to its shareholders:

- (a) a copy of such notice, together with any proxy or information statement and related materials to be provided to shareholders of Amdocs;
- (b) a statement that such Holder is entitled to instruct the Trustee as to the exercise of the Holder Votes with respect to such Amdocs Meeting or Amdocs Consent, as the case may be, or, pursuant to Section 4.7 hereof, to attend such Amdocs Meeting and to exercise personally the Holder Votes thereat;
- (c) a statement as to the manner in which such instructions may be given to the Trustee, including an express indication that instructions may be given to the Trustee to give:
 - (i) a proxy to such Holder or his designee to exercise personally the Holder Votes; or
 - (ii) a proxy to a designated agent or other representative of the management of Amdocs to exercise such Holder Votes;
- (d) a statement that if no such instructions are received from the Holder, the Holder Votes to which such Holder is entitled will not be exercised;
- (e) a form of direction whereby the Holder may so direct and instruct the Trustee as contemplated herein; and
- (f) a statement of (i) the time and date by which such instructions must be received by the Trustee in order to be binding upon it, which in the case of an Amdocs Meeting shall not be earlier than the close of business on the second Business Day prior to such meeting, and (ii) the method for revoking or amending such instructions.

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The materials referred to above are to be provided by Amdocs to the Trustee, but shall be subject to review and comment by the Trustee. For the purpose of determining Holder Votes to which a Holder is entitled in respect of any such Amdocs Meeting or Amdocs Consent, the number of Exchangeable Shares owned of record by the Holder shall be determined at the close of business on the record date established by Amdocs or by applicable law for purposes of determining shareholders entitled to vote at such Amdocs Meeting or to give written consent in connection with such Amdocs Consent. Amdocs will notify the Trustee in writing of any decision of the Board of Directors of Amdocs with respect to the calling of any such Amdocs Meeting or the seeking of any such Amdocs Consent and shall provide all necessary information and materials to the Trustee in each case promptly and in any event in sufficient time to enable the Trustee to perform its obligations contemplated by this Section 4.3.

4.4 COPIES OF SHAREHOLDER INFORMATION

Amdocs will deliver to the Trustee copies of all proxy materials, (including notices of Amdocs Meetings but excluding proxies to vote Amdocs Ordinary Shares), information statements, reports (including without limitation all interim and annual financial statements) and other written communications that, in each case, are to be distributed from time to time to holders of Amdocs Ordinary Shares in sufficient quantities and in sufficient time so as to enable the Trustee to send those materials to each Holder at the same time as such materials are first sent to holders of Amdocs Ordinary Shares. The Trustee will mail or otherwise send to each Holder, at the expense of Amdocs, copies of all such materials (and all materials specifically directed to the Holders or to the Trustee for the benefit of the Holders by Amdocs) received by the Trustee from Amdocs at the same time as such materials are first sent to holders of Amdocs Ordinary Shares. The Trustee will also make available for

inspection by any Holder at the Trustee's principal office in the city of Toronto, Ontario all proxy materials, information statements, reports and other written communications that are:

- (a) received by the Trustee as the registered holder of the Voting Share and made available by Amdocs generally to the holders of Amdocs Ordinary Shares; or
- (b) specifically directed by Amdocs to the Holders or to the Trustee for the benefit of the Holders.

4.5 OTHER MATERIALS

Immediately after receipt by Amdocs or any shareholder of Amdocs of any material sent or given generally to the holders of Amdocs Ordinary Shares by or on behalf of a third party, including without limitation dissident proxy and information circulars (and related information and material) and tender and exchange offer circulars (and related information and material), Amdocs shall use its best efforts to obtain and deliver to the Trustee copies thereof in sufficient quantities so as to enable the Trustee to forward such material (unless the same has

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been provided directly to Holders by such third party) to each Holder as soon as possible thereafter. As soon as practicable after receipt thereof, the Trustee will mail or otherwise send to each Holder, at the expense of Amdocs, copies of all such materials received by the Trustee from Amdocs. The Trustee will also make copies of all such materials available for inspection by any Holder at the Trustee's principal office in the city of Toronto, Ontario.

4.6 LIST OF PERSONS ENTITLED TO VOTE

The Company shall, (a) prior to each annual, general and special Amdocs Meeting or the seeking of any Amdocs Consent and (b) forthwith upon each request made at any time by the Trustee in writing, prepare or cause to be prepared a list (a "List") of the names and addresses of the Holders arranged in alphabetical order and showing the number of Exchangeable Shares held of record by each such Holder, in each case at the close of business on the date specified by the Trustee in such request or, in the case of a List prepared in connection with an Amdocs Meeting or an Amdocs Consent, at the close of business on the record date established by Amdocs or pursuant to applicable law for determining the holders of Amdocs Ordinary Shares entitled to receive notice of and/or to vote at such Amdocs Meeting or to give consent in connection with such Amdocs Consent. Each such List shall be delivered to the Trustee promptly after receipt by the Company of such request or after the record date for such meeting or seeking of consent, as the case may be, is set and in any event within sufficient time as to enable the Trustee to perform its obligations under this Agreement. Amdocs agrees to give the Company written notice (with a copy to the Trustee) of the calling of any Amdocs Meeting or the seeking of any Amdocs Consent, together with the record dates therefor, sufficiently prior to the date of the calling of such meeting or seeking of such consent so as to enable the Company to perform its obligations under this Section 4.6.

4.7 ENTITLEMENT TO DIRECT VOTES

Any Holder named in a List prepared in connection with any Amdocs Meeting or any Amdocs Consent will be entitled (a) to instruct the Trustee in the manner described in Section 4.3 hereof with respect to the exercise of the Holder Votes to which such Holder is entitled or (b) to attend such meeting and personally to exercise thereat (or to exercise with respect to any written consent), as the proxy of the Trustee, the Holder Votes to which such Holder is entitled.

4.8 VOTING BY TRUSTEE, AND ATTENDANCE OF TRUSTEE REPRESENTATIVE AT A MEETING

- (a) In connection with each Amdocs Meeting and Amdocs Consent, the Trustee shall exercise, either in person or by proxy, in accordance with the instructions received from a Holder pursuant to Section 4.3 hereof, the Holder Votes as to which such Holder is entitled to direct the vote (or any lesser number thereof as may be set forth in the instructions);

provided, however, that such written instructions are

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received by the Trustee from the Holder prior to the time and date fixed by it for receipt of such instructions in the notice given by the Trustee to the Holder pursuant to Section 4.3 hereof.

- (b) The Trustee shall cause such representatives as are empowered by it to sign and deliver, on behalf of the Trustee, proxies for Voting Rights to attend each Amdocs Meeting. Upon submission by a Holder (or its designee) of identification satisfactory to the Trustee's representatives, and at the Holder's request, such representatives shall sign and deliver to such Holder (or its designee) a proxy to exercise personally the Holder Votes as to which such Holder is otherwise entitled hereunder to direct the vote, if such Holder either (i) has not previously given the Trustee instructions pursuant to Section 4.3 hereof in respect of such meeting, or (ii) submits to the Trustee's representatives written revocation of any such previous instructions. At such meeting, the Holder exercising such Holder Votes shall have the same rights as the Trustee to speak at the meeting in respect of any matter, question or proposition, to vote by way of ballot at the meeting in respect of any matter, question or proposition and to vote at such meeting by way of a show of hands in respect of any matter, question or proposition.

4.9 DISTRIBUTION OF WRITTEN MATERIALS

Any written materials distributed by the Trustee to the Holders pursuant to this Agreement shall be delivered or sent by mail (or otherwise communicated in the same manner as Amdocs utilizes in communications to holders of Amdocs Ordinary Shares) to each Holder at its address as shown on the books of the Company. The Company shall provide or cause to be provided to the Trustee for this purpose, on a timely basis and without charge or other expense:

- (a) a current List; and
- (b) upon the request of the Trustee, mailing labels to enable the Trustee to carry out its duties under this Agreement.

4.10 TERMINATION OF VOTING RIGHTS

The rights of a Holder with respect to the Holder Votes exercisable in respect of the Exchangeable Shares held by such Holder, including the right to instruct the Trustee as to the voting of or to vote personally such Holder Votes, shall be deemed to be surrendered by the Holder to Amdocs or Holdco, as the case may be, and such Holder Votes and the Voting Rights represented thereby shall cease immediately upon the delivery by such holder to the Trustee of the certificates representing such Exchangeable Shares in connection with the exercise by the Holder of the Exchange Right or the occurrence of the automatic exchange of Exchangeable Shares for Amdocs Ordinary Shares, as specified in Article 5 hereof (unless, in either case,

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Holdco shall not have delivered the requisite Amdocs Ordinary Shares issuable in exchange therefor to the Trustee for delivery to the Holders), or upon the retraction or redemption of Exchangeable Shares pursuant to Article 6 or Article 7 of the Exchangeable Share Provisions, or upon the effective date of the liquidation, dissolution or winding-up of the Company pursuant to Article 5 of the Exchangeable Share Provisions, or upon the purchase of Exchangeable Shares from the holder thereof by Holdco (or Amdocs or Parentco) pursuant to the exercise by such person of the Retraction Call Right, the Redemption Call Right or the Liquidation Call Right.

5.1 GRANT AND OWNERSHIP OF THE EXCHANGE RIGHT

Holdco hereby grants to the Trustee as trustee for and on behalf of, and for the use and benefit of, the Holders (a) the right (the "Exchange Right"), upon the occurrence and during the continuance of an Insolvency Event, to require Holdco to purchase from each or any Holder all or any part of the Exchangeable Shares held by the Holder and (b) the Automatic Exchange Rights, all in accordance with the provisions of this Agreement. Holdco hereby acknowledges receipt from the Trustee as trustee for and on behalf of the Holders of good and valuable consideration (and the adequacy thereof) for the grant of the Exchange Right and the Automatic Exchange Rights by Holdco to the Trustee. During the term of the Trust and subject to the terms and conditions of this Agreement, the Trustee shall possess and be vested with full legal ownership of the Exchange Right and the Automatic Exchange Rights and shall be entitled to exercise all of the rights and powers of an owner with respect to the Exchange Right and the Automatic Exchange Rights, provided that the Trustee shall:

- (a) hold the Exchange Right and the Automatic Exchange Rights and the legal title thereto as trustee solely for the use and benefit of the Holders in accordance with the provisions of this Agreement; and
- (b) except as specifically authorized by this Agreement, have no power or authority to exercise or otherwise deal in or with the Exchange Right or the Automatic Exchange Rights, and the Trustee shall not exercise any such rights for any purpose other than the purposes for which this Trust is created pursuant to this Agreement.

5.2 LEGENDED SHARE CERTIFICATES

The Company will cause each certificate representing Exchangeable Shares to bear an appropriate legend notifying the Holders of:

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- (a) their right to instruct the Trustee with respect to the exercise of the Exchange Right in respect of the Exchangeable Shares held by a Holder; and
- (b) the Automatic Exchange Rights.

5.3 GENERAL EXERCISE OF EXCHANGE RIGHTS

The Exchange Right shall be and remain vested in and exercised by the Trustee. Subject to Section 7.15 hereof, the Trustee shall exercise the Exchange Right only on the basis of instructions received pursuant to this Article 5 from Holders entitled to instruct the Trustee as to the exercise thereof. To the extent that no instructions are received from a Holder with respect to the Exchange Right, the Trustee shall not exercise or permit the exercise of the Exchange Right.

5.4 PURCHASE PRICE

The purchase price payable by Holdco for each Exchangeable Share to be purchased by Holdco under the Exchange Right shall be an amount per share equal to (a) the Current Market Price of an Amdocs Ordinary Share on the last Business Day prior to the day of closing of the purchase and sale of such Exchangeable Share under the Exchange Right plus (b) an additional amount equivalent to the full amount of all dividends declared and unpaid on each such Exchangeable Share (provided that if the record date for any such declared and unpaid dividends occurs on or after the day of closing of such purchase and sale the purchase price shall not include such additional amount equivalent to the declared and unpaid dividends). In connection with each exercise of the Exchange Right, Holdco will provide to the Trustee an Officer's Certificate setting forth the calculation of the purchase price for each Exchangeable Share. The purchase price for each such Exchangeable Share so purchased may be satisfied only by Amdocs issuing and delivering or causing to be delivered to the Trustee, on behalf of the relevant Holder, one Amdocs Ordinary Share and a check for the balance, if any, of the purchase price without interest (but less any amounts withheld pursuant to Section 5.13).

5.5 EXERCISE INSTRUCTIONS

Subject to the terms and conditions herein set forth, a Holder shall be entitled, upon the occurrence and during the continuance of an Insolvency Event, to instruct the Trustee to exercise the Exchange Right with respect to all or any part of the Exchangeable Shares registered in the name of such Holder on the books of the Company. To cause the exercise of the Exchange Right by the Trustee, the Holder shall deliver to the Trustee, in person or by mail, at its principal office in Toronto, Ontario or at such other places in Canada as the Trustee may from time to time designate by written notice to the Holders, the certificates representing the Exchangeable Shares which such Holder desires Holdco to purchase, duly endorsed in blank, and accompanied by such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the NBBCA and the by-laws of the Company and such additional documents and

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instruments as the Trustee may reasonably require together with (a) a duly completed form of notice of exercise of the Exchange Right, contained on the reverse of or attached to the Exchangeable Share certificates, stating (i) that the Holder thereby instructs the Trustee to exercise the Exchange Right so as to require Holdco to purchase from the Holder the number of Exchangeable Shares specified therein, (ii) that such Holder has good title to and owns all such Exchangeable Shares to be acquired by Holdco free and clear of all liens, claims and encumbrances, (iii) the names in which the certificates representing Amdocs Ordinary Shares issuable in connection with the exercise of the Exchange Right are to be issued and (iv) the names and addresses of the persons to whom such new certificates should be delivered and (b) payment (or evidence satisfactory to the Trustee, the Company, Amdocs and Holdco of payment) of the taxes (if any) payable as contemplated by Section 5.8 of this Agreement. If only a part of the Exchangeable Shares represented by any certificate or certificates delivered to the Trustee are to be purchased by Holdco under the Exchange Right, a new certificate for the balance of such Exchangeable Shares shall be issued by Amdocs to the holder at the expense of the Company.

5.6 DELIVERY OF AMDOCS ORDINARY SHARES; EFFECT OF EXERCISE

Promptly after receipt of the certificates representing the Exchangeable Shares which the Holder desires Holdco to purchase under the Exchange Right (together with such documents and instruments of transfer and a duly completed form of notice of exercise of the Exchange Right (and payment of taxes, if any, payable as contemplated in Section 5.8 hereof or evidence thereof)), duly endorsed in blank, the Trustee shall notify Holdco, Amdocs and the Company of its receipt of the same, which notice to Holdco, Amdocs and the Company shall constitute exercise of the Exchange Right by the Trustee on behalf of the holder of such Exchangeable Shares, and Holdco shall immediately thereafter deliver or cause to be delivered to the Trustee, for delivery to the Holder of such Exchangeable Shares (or to such other persons, if any, properly designated by such Holder), the certificates for the number of Amdocs Ordinary Shares issuable in connection with the exercise of the Exchange Right, which shares shall be duly issued and fully paid and non-assessable and shall be free and clear of any lien, claim or encumbrance, and checks for the balance, if any, of the total purchase price therefor without interest, but less any amounts withheld pursuant to Section 5.13 hereof; provided, however, that no such delivery shall be made unless and until the Holder requesting the same shall have paid (or provided evidence satisfactory to the Trustee, the Company, Amdocs and Holdco of the payment of) the taxes (if any) payable as contemplated by Section 5.8 of this Agreement. Immediately upon the giving of notice by the Trustee to Holdco, Amdocs and the Company of the exercise of the Exchange Right, as provided in this Section 5.6, the closing of the transaction of purchase and sale contemplated by the Exchange Right shall be deemed to have occurred, and the Holder of such Exchangeable Shares shall be deemed to have transferred to Holdco all of its right, title and interest in and to such Exchangeable Shares and in the related interest in the Trust Estate and shall cease to be a holder of such Exchangeable Shares and shall not be entitled to exercise any of the rights of a holder in respect thereof, other than the right to receive his

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proportionate part of the total purchase price therefor, unless the requisite number of Amdocs Ordinary Shares (together with a check for the balance, if any, of the total purchase price therefor without interest) is not allotted and delivered by Holdco to the Trustee, for delivery to such Holder (or to such other persons, if any, properly designated by such Holder), within five Business Days of the date of the giving of such notice by the Trustee, in which case the rights of the Holder shall remain unaffected until such Amdocs Ordinary Shares are so allotted and delivered by Holdco and any such check is so delivered and paid. Upon delivery by Holdco to the Trustee of such Amdocs Ordinary Shares, the Trustee shall deliver such Amdocs Ordinary Shares to such Holder (or to such other persons, if any, properly designated by such Holder). Concurrently with such Holder ceasing to be a holder of Exchangeable Shares, the Holder shall be considered and deemed for all purposes to be the holder of the Amdocs Ordinary Shares delivered to it pursuant to the Exchange Right.

5.7 EXERCISE OF EXCHANGE RIGHT SUBSEQUENT TO RETRACTION

In the event that a Holder has exercised its right under Article 6 of the Exchangeable Share Provisions to require the Company to redeem any or all of the Exchangeable Shares held by the Holder (the "Retracted Shares") and is notified by the Company pursuant to Section 6.7 of the Exchangeable Share Provisions that the Company will not be permitted as a result of solvency requirements of applicable law to redeem all such Retracted Shares, provided that Holdco shall not have exercised the Retraction Call Right with respect to the Retracted Shares and that the Holder has not revoked the retraction request delivered by the Holder to the Company pursuant to Section 6.1 of the Exchangeable Share Provisions, the retraction request will constitute and will be deemed to constitute notice from the Holder to the Trustee instructing the Trustee to exercise the Exchange Right with respect to those Retracted Shares which the Company is unable to redeem. In any such event, the Company hereby agrees with the Trustee and in favor of the Holder immediately to notify the Trustee of such prohibition against the Company redeeming all of the Retracted Shares and immediately to forward or cause to be forwarded to the Trustee all relevant materials delivered by the Holder to the Company or to the transfer agent of the Exchangeable Shares (including without limitation a copy of the retraction request delivered pursuant to Section 6.1 of the Exchangeable Share Provisions) in connection with such proposed redemption of the Retracted Shares and the Trustee will thereupon exercise the Exchange Right with respect to the Retracted Shares that the Company is not permitted to redeem and will require Holdco to purchase such shares in accordance with the provisions of this Article 5.

5.8 STAMP OR OTHER TRANSFER TAXES

Upon any sale of Exchangeable Shares to Holdco pursuant to the Exchange Right or the Automatic Exchange Rights, the share certificate or certificates representing Amdocs Ordinary Shares to be delivered in connection with the payment of the total purchase price therefor shall be issued in the name of the Holder of the Exchangeable Shares so sold or in such

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names as such Holder may otherwise direct in writing without charge to the holder of the Exchangeable Shares so sold, provided, however, that such Holder (a) shall pay (and neither Holdco, Amdocs, the Company nor the Trustee shall be required to pay) any documentary, stamp, transfer or other similar taxes that may be payable in respect of any transfer involved in the issuance or delivery of such shares to a person other than such Holder or (b) shall have established to the satisfaction of the Trustee, Amdocs, Holdco and the Company that such taxes, if any, have been paid.

5.9 NOTICE OF INSOLVENCY EVENT

Immediately upon the occurrence of an Insolvency Event or any event which with the giving of notice or the passage of time or both would be an Insolvency Event, the Company and Amdocs shall give written notice thereof to the Trustee. As soon as practicable after receiving notice from the Company and Amdocs or from any other person of the occurrence of an Insolvency Event, the Trustee will mail to each Holder, at the expense of Amdocs, a notice of such Insolvency Event in the form provided by Amdocs, which notice shall contain a brief statement of the right of the Holders with respect to the Exchange Right.

5.10 QUALIFICATION OF AMDOCS ORDINARY SHARES

Amdocs covenants that if any Amdocs Ordinary Shares to be issued and delivered pursuant to the Exchange Right or the Automatic Exchange Rights require registration or qualification with or approval of or the filing of any document including any prospectus or similar document or the taking of any proceeding with or the obtaining of any order, ruling or consent from any governmental or regulatory authority under any Canadian or United States federal, provincial or state law or regulation or pursuant to the rules and regulations of any regulatory authority or the fulfillment of any other Canadian or United States federal, provincial or state legal requirement (collectively, the "Applicable Laws") before such shares may be delivered by Holdco to the initial Holder thereof, Amdocs will in good faith expeditiously take all such actions and do all such things as are necessary or desirable to cause such shares of Amdocs Ordinary Shares to be and remain duly registered, qualified or approved. Amdocs will in good faith expeditiously take all such actions and do all such things as are reasonably necessary or desirable, pursuant to the terms of the Combination Agreement to cause all shares of Amdocs Ordinary Shares to be delivered pursuant to the Exchange Right or the Automatic Exchange Rights to be listed, quoted or posted for trading on all stock exchanges and quotation systems on which such shares have been listed by Amdocs and remain listed, quoted or posted for trading at such time.

5.11 RESERVATION OF AMDOCS ORDINARY SHARES

Amdocs hereby represents, warrants and covenants for the benefit of the holders of the Exchangeable Shares that it has irrevocably reserved for issuance and will at all times keep

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available, free from pre-emptive and other rights, out of its authorized and unissued capital stock such number of Amdocs Ordinary Shares (a) as is equal to the sum of (i) the number of Exchangeable Shares issued and outstanding from time to time and (ii) the number of Exchangeable Shares issuable upon the exercise of all rights to acquire Exchangeable Shares outstanding from time to time and (b) as are now and may hereafter be required to enable and permit the Company and Holdco to meet their respective obligations hereunder, under the Support Agreement, under the Exchangeable Share Provisions and under any other security or commitment pursuant to which Amdocs or Holdco may now or hereafter be required to issue or deliver Amdocs Ordinary Shares to Holders.

5.12 AUTOMATIC EXCHANGE ON LIQUIDATION OF PARENT

- (a) Amdocs will give the Trustee written notice of each of the following events at the time set forth below:
 - (i) in the event of any determination by the Board of Directors of Amdocs to institute voluntary liquidation, dissolution or winding-up proceedings with respect to Amdocs or to effect any other distribution of assets of Amdocs among its shareholders for the purpose of winding up its affairs, at least 60 days prior to the proposed effective date of such liquidation, dissolution, winding-up or other distribution; and
 - (ii) as soon as practicable following the earlier of (A) receipt by Amdocs of notice of, and (B) Amdocs otherwise becoming aware of any threatened or instituted claim, suit, petition or other proceedings with respect to the involuntary liquidation, dissolution or winding up of Amdocs or to effect any other distribution of assets of Amdocs among its shareholders for the purpose of winding up its affairs, in each case where Amdocs has failed to contest in good faith any such proceeding within 30 days of becoming aware thereof.
- (b) As soon as practicable following receipt by the Trustee from Amdocs of notice of any event (a "Liquidation Event") contemplated by Section 5.12(a) (i) or 5.12(a) (ii) above, the Trustee will give notice thereof to the Holders. Such notice shall include a brief description of the automatic exchange of

Exchangeable Shares for Amdocs Ordinary Shares provided for in Section 5.12(c) below.

- (c) In order that the Holders will be able to participate on a pro rata basis with the holders of Amdocs Ordinary Shares in the distribution of assets of Amdocs in connection with a Liquidation Event, on the fifth Business Day prior to the effective date (the "Liquidation Event Effective Date") of a Liquidation Event all of the then outstanding Exchangeable Shares shall be automatically exchanged for

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Amdocs Ordinary Shares. To effect such automatic exchange, Holdco shall purchase each Exchangeable Share outstanding on the fifth Business Day prior to the Liquidation Event Effective Date and held by Holders, and each Holder shall sell the Exchangeable Shares held by it at such time, for a purchase price per share equal to (a) the Current Market Price of an Amdocs Ordinary Share on the fifth Business Day prior to the Liquidation Event Effective Date, which shall be satisfied in full by Holdco issuing to the Holder one Amdocs Ordinary Share, plus (b) to the extent not paid by the Company, an additional amount equivalent to the full amount of all dividends declared and unpaid on each such Exchangeable Share and all dividends declared on Amdocs Ordinary Shares that have not been declared on such Exchangeable Shares in accordance with Section 3.1 of the Exchangeable Share Provisions (provided that if the record date for any such declared and unpaid dividends occurs on or after the day of closing of such purchase and sale, the purchase price shall not include such additional amounts equivalent to such declared and unpaid dividends). In connection with such automatic exchange, Holdco will provide to the Trustee an Officer's Certificate setting forth the calculation of the purchase price for each Exchangeable Share.

- (d) On the fifth Business Day prior to the Liquidation Event Effective Date, the closing of the transaction of purchase and sale contemplated by the automatic exchange of Exchangeable Shares for Amdocs Ordinary Shares shall be deemed to have occurred, and each Holder of Exchangeable Shares shall be deemed to have transferred to Holdco all of the Holder's right, title and interest in and to such Exchangeable Shares and the related interest in the Trust Estate and shall cease to be a holder of such Exchangeable Shares and Holdco shall deliver to the Holder the Amdocs Ordinary Shares issuable upon the automatic exchange of Exchangeable Shares for Amdocs Ordinary Shares and on the applicable payment date shall deliver to the Trustee for delivery to the Holder a check for the balance, if any, of the total purchase price for such Exchangeable Shares without interest, but less any amounts withheld pursuant to Section 5.13 hereof. Concurrently with such Holder ceasing to be a holder of Exchangeable Shares, the Holder shall be considered and deemed for all purposes to be the holder of the Amdocs Ordinary Shares issued to it pursuant to the automatic exchange of Exchangeable Shares for Amdocs Ordinary Shares and the certificates held by the Holder previously representing the Exchangeable Shares exchanged by the Holder with Holdco pursuant to such automatic exchange shall thereafter be deemed to represent the Amdocs Ordinary Shares delivered to the Holder by Holdco pursuant to such automatic exchange. Upon the request of a Holder and the surrender by the Holder of Exchangeable Share certificates deemed to represent shares of Amdocs Ordinary Shares, duly endorsed in blank and accompanied by such instruments of transfer as Amdocs and Holdco may reasonably require, Holdco shall deliver or

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cause to be delivered to the Holder certificates representing the Amdocs Ordinary Shares of which the Holder is the holder.

5.13 WITHHOLDING RIGHTS

Prior to the exchange or disposition of any Exchangeable Shares in accordance with this Article, each Holder shall deliver to the purchaser, at or before such time:

- (a) a certificate confirming that such Holder is a resident of Canada for the purposes of the ITA; or
- (b) in the case of a Holder who is a non-resident of Canada for the purposes of the ITA: (i) a certificate satisfactory to the purchaser acting reasonably, issued pursuant to subsection 116(2) or 116(4) of the ITA, with respect to the Exchangeable Shares, and having, in the case of a certificate under subsection 116(2) as the "certificate limit", as defined in subsection 116(2) of the ITA, an amount no less than the cost to the purchaser of the Exchangeable Shares, as the case may be; and (ii) if applicable, a certificate reasonably satisfactory to the purchaser issued pursuant to Section 1098 of the Taxation Act (Quebec) or any other analogous certificate required by any other provincial taxing authority.

In the case of a Holder who is a partnership, the Holder shall also provide a certificate confirming the name and address of each member thereof and the percentage of partnership interest held by each member (which partners and percentages are clearly contemplated in the applicable certificate).

In the event that a Holder fails to deliver the requisite certificates described above at or before the exchange or disposition of such shares, the purchaser of the Exchangeable Shares shall be entitled to deduct and withhold from any consideration otherwise payable to any Holder such amounts as the purchaser is required or permitted to deduct and withhold with respect to such payment under the ITA or any provision of provincial or governmental tax law, in each case, as amended or succeeded, provided that such withheld amount shall not be remitted prior to two business days prior to the date such amount is required by law to be remitted (the "Remittance Date") and where such certificate is delivered prior to such Remittance Date, such withheld amount shall be released. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Holder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority. To the extent that the amount so required or permitted to be deducted or withheld from any payment to a Holder exceeds the cash portion of the consideration otherwise payable to the Holder, the purchaser, as agent of such Holder, is hereby authorized to sell or otherwise dispose of such portion of the consideration as is necessary to provide sufficient funds to the purchaser to enable it to comply with such deduction or

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withholding requirement and the purchaser shall notify the Holder thereof and remit to such Holder any unapplied balance of the net proceeds of such sale. If the proceeds of such sale are insufficient to fund the required withholding, the Holder shall forthwith pay to the purchaser or remit to the applicable taxing authority the deficiency. The Holder shall bear all reasonable costs and expense associated with such sale by purchaser pursuant to the two immediately preceding sentences.

5.14 OTHER

At the option of Amdocs, the Exchange Right and the Automatic Exchange Rights may be satisfied by Amdocs or Parentco.

ARTICLE 6 RESTRICTIONS ON ISSUE OF ADDITIONAL AMDOCS SPECIAL VOTING SHARES

6.1 ISSUE OF ADDITIONAL SHARES

During the term of this Agreement, Amdocs will not, without the consent of the Holders, given in accordance with Section 10.2 of the Exchangeable Share Provisions, issue any Amdocs Special Voting Shares in addition to the Voting Share.

ARTICLE 7
CONCERNING THE TRUSTEE

7.1 POWERS AND DUTIES OF THE TRUSTEE

The rights, powers and authorities of the Trustee under this Agreement, in its capacity as trustee of the Trust, shall include, without limitation:

- (a) receipt and deposit of the Voting Share from Amdocs as trustee for and on behalf of the Holders in accordance with the provisions of this Agreement;
- (b) granting proxies and distributing materials to Holders as provided in this Agreement;
- (c) voting the Holder Votes in accordance with the provisions of this Agreement;
- (d) receiving the grant of the Exchange Right and the Automatic Exchange Rights from Holdco as trustee for and on behalf of the Holders in accordance with the provisions of this Agreement;

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- (e) exercising the Exchange Right and enforcing the benefit of the Automatic Exchange Rights, in each case in accordance with the provisions of this Agreement, and in connection therewith receiving from Holders Exchangeable Shares and other requisite documents and distributing to such Holders the Amdocs Ordinary Shares and checks, if any, to which such Holders are entitled upon the exercise of the Exchange Right or pursuant to the Automatic Exchange Rights, as the case may be;
- (f) holding title to the Trust Estate;
- (g) investing any moneys forming, from time to time, a part of the Trust Estate as provided in this Agreement;
- (h) taking action on its own initiative or at the direction of a Holder or Holders to enforce the obligations hereunder of each other party hereto; and
- (i) taking such other actions and doing such other things as are specifically provided in this Agreement.

In the exercise of such rights, powers and authorities the Trustee shall have (and is granted) such incidental and additional rights, powers and authority not in conflict with any of the provisions of this Agreement as the Trustee, acting in good faith and in the reasonable exercise of its discretion, may deem necessary, appropriate or desirable to effect the purpose of the Trust. Any exercise of such discretionary rights, powers and authorities by the Trustee shall be final, conclusive and binding upon all persons.

The Trustee in exercising its rights, powers, duties and authorities hereunder shall act honestly and in good faith with a view to the best interests of the Holders and shall exercise the care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

7.2 NO CONFLICT OF INTEREST

The Trustee represents to each other party hereto that at the date of execution and delivery of this Agreement there exists no material conflict of interest in the role of the Trustee as a fiduciary hereunder and the role of the Trustee in any other capacity. The Trustee shall, within 90 days

after it becomes aware that such a material conflict of interest exists, either eliminate such material conflict of interest or resign in the manner and with the effect specified in Article 10 hereof. If, notwithstanding the foregoing provisions of this Section 7.2, the Trustee has such a material conflict of interest, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of

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interest. If the Trustee contravenes the foregoing provisions of this Section 7.2, any interested party may apply to the for an order that the Trustee be replaced as trustee hereunder.

7.3 DEALINGS WITH TRANSFER AGENTS, REGISTRARS, ETC.

The Company and Amdocs irrevocably authorize the Trustee, from time to time, to:

- (a) consult, communicate and otherwise deal with the respective registrars and transfer agents, and with any such subsequent registrar or transfer agent, of the Exchangeable Shares and the Amdocs Ordinary Shares; and
- (b) requisition, from time to time, (i) from any such registrar or transfer agent any information readily available from the records maintained by it which the Trustee may reasonably require for the discharge of its duties and responsibilities under this Agreement and (ii) from the transfer agent of the Amdocs Ordinary Shares, and any subsequent transfer agent of such shares, the share certificates issuable upon the exercise from time to time of the Exchange Right and pursuant to the Automatic Exchange Rights in the manner specified in Article 5 hereof.

The Company and Amdocs shall irrevocably authorize their respective registrars and transfer agents to comply with all such requests. Amdocs covenants that it will supply its transfer agent with duly executed share certificates for the purpose of completing the exercise from time to time of the Exchange Right and the Automatic Exchange Rights, in each case pursuant to Article 5 hereof.

7.4 BOOKS AND RECORDS

The Trustee shall keep available for inspection by Amdocs, Parentco, Holdco and the Company, at the Trustee's principal office in Toronto, Ontario correct and complete books and records of account relating to the Trustee's actions under this Agreement, including without limitation, all relevant data relating to mailings and instructions to and from Holders and all transactions pursuant to the Voting Rights, the Exchange Right and the Automatic Exchange Rights for the term of this Agreement. On or before June 30, 2000, and on or before June 30 in every year thereafter, so long as the Voting Share is on deposit with the Trustee, the Trustee shall transmit to Amdocs and the Company a brief report, dated as of the preceding March 31, with respect to:

- (a) the property and funds comprising the Trust Estate as of that date;
- (b) the number of exercises of the Exchange Right, if any, and the aggregate number of Exchangeable Shares received by the Trustee on behalf of Holders in

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consideration of the delivery by Amdocs, Parentco or Holdco of Amdocs Ordinary Shares in connection with the Exchange Right, during the calendar year ended on such date; and

- (c) all other actions taken by the Trustee in the performance of its duties under this Agreement which it had not previously reported and which, in the Trustee's opinion, materially affects the Trust Estate.

7.5 INCOME TAX RETURN AND REPORTS

The Trustee shall, to the extent necessary, prepare and file on behalf of the Trust appropriate United States and Canadian income tax returns and any other returns or reports as may be required by applicable law or pursuant to the rules and regulations of any securities exchange or other trading system through which the Exchangeable Shares are traded and, in connection therewith, may obtain the advice and assistance of such experts as the Trustee may consider necessary or advisable. If requested by the Trustee, Amdocs shall retain such experts for purposes of providing such advice and assistance.

7.6 INDEMNIFICATION PRIOR TO CERTAIN ACTIONS BY TRUSTEE

The Trustee shall exercise any or all of the rights, duties, powers or authorities vested in it by this Agreement at the request, order or direction of any Holder upon such Holder furnishing to the Trustee reasonable funding, security and indemnity against the costs, expenses and liabilities which may be incurred by the Trustee therein or thereby, provided that no Holder shall be obligated to furnish to the Trustee any such funding, security or indemnity in connection with the exercise by the Trustee of any of its rights, duties, powers and authorities with respect to the Voting Share pursuant to Article 4 hereof, subject to Section 7.15 hereof, and with respect to the Exchange Right pursuant to Article 5 hereof, subject to Section 7.15 hereof, and with respect to the Automatic Exchange Rights pursuant to Article 5 hereof.

None of the provisions contained in this Agreement shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the exercise of any of its rights, powers, duties or authorities unless funded, given funds, security and indemnified as aforesaid.

7.7 ACTIONS BY HOLDERS

No Holder shall have the right to institute any action, suit or proceeding or to exercise any other remedy authorized by this Agreement for the purpose of enforcing any of its rights or for the execution of any trust or power hereunder unless the Holder has requested the Trustee to take or institute such action, suit or proceeding and furnished the Trustee with the funding, security and indemnity referred to in Section 7.6 hereof and the Trustee shall have failed

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to act within a reasonable time thereafter. In such case, but not otherwise, the Holder shall be entitled to take proceedings in any court of competent jurisdiction such as the Trustee might have taken; it being understood and intended that no one or more Holders shall have any right in any manner whatsoever to affect, disturb or prejudice the rights hereby created by any such action, or to enforce any right hereunder or under the Voting Rights, the Exchange Right or the Automatic Exchange Rights, except subject to the conditions and in the manner herein provided, and that all powers and trusts hereunder shall be exercised and all proceedings at law shall be instituted, had and maintained by the Trustee, except only as herein provided, and in any event for the equal benefit of all Holders.

7.8 RELIANCE UPON DECLARATIONS

The Trustee shall not be considered to be in contravention of any of its rights, powers, duties and authorities hereunder if, when required, it acts and relies in good faith upon statutory declarations, certificates, opinions or reports furnished pursuant to the provisions hereof or required by the Trustee to be furnished to it in the exercise of its rights, powers, duties and authorities hereunder if such statutory declarations, certificates, opinions or reports comply with the provisions of Section 7.9 hereof, if applicable, and with any other applicable provisions of this Agreement.

7.9 EVIDENCE AND AUTHORITY TO TRUSTEE

The Company, Holdco, Parentco and/or Amdocs shall furnish to the Trustee evidence of compliance with the conditions provided for in this Agreement relating to any action or step required or permitted to be taken by the Company, Holdco, Parentco and/or Amdocs or the Trustee under this Agreement

or as a result of any obligation imposed under this Agreement, including, without limitation, in respect of the Voting Rights or the Exchange Right or the Automatic Exchange Rights and the taking of any other action to be taken by the Trustee at the request of or on the application of the Company, Holdco, Parentco and/or Amdocs forthwith if and when:

- (a) such evidence is required by any other section of this Agreement to be furnished to the Trustee in accordance with the terms of this Section 7.9; or
- (b) the Trustee, in the exercise of its rights, powers, duties and authorities under this Agreement, gives the Company, Holdco, Parentco and/or Amdocs written notice requiring it to furnish such evidence in relation to any particular action or obligation specified in such notice.

Such evidence shall consist of an Officer's Certificate of the Company, Holdco, Parentco and/or Amdocs or a statutory declaration or a certificate made by persons entitled to sign an Officer's Certificate stating that any such condition has been complied with in accordance with the terms of this Agreement.

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Whenever such evidence relates to a matter other than the Voting Rights or the Exchange Right or the Automatic Exchange Rights or, the taking of any other action to be taken by the Trustee at the request or on the application of the Company, Holdco, Parentco and/or Amdocs, and except as otherwise specifically provided herein, such evidence may consist of a report or opinion of any solicitor, auditor, accountant, appraiser, valuer, engineer or other expert or any other person whose qualifications give authority to a statement made by him, provided that if such report or opinion is furnished by a director, officer or employee of the Company, Holdco, Parentco and/or Amdocs it shall be in the form of an Officer's Certificate or a statutory declaration.

Each statutory declaration, Officer's Certificate, opinion or report furnished to the Trustee as evidence of compliance with a condition provided for in this Agreement shall include a statement by the person giving the evidence:

- (a) declaring that he has read and understands the provisions of this trust agreement relating to the condition in question:
- (b) describing the nature and scope of the examination or investigation upon which he based the statutory declaration, certificate, statement or opinion; and
- (c) declaring that he has made such examination or investigation as he believes is necessary to enable him to make the statements or give the opinions contained or expressed therein.

7.10 EXPERTS, ADVISERS AND AGENTS

The Trustee may:

- (a) in relation to these presents act and rely on the opinion or advice of or information obtained from or prepared by any solicitor, auditor, accountant, appraiser, valuer, engineer or other expert, whether retained by the Trustee or by the Company and/or Amdocs or otherwise, and may employ such assistants as may be necessary to the proper discharge of its powers and duties and determination of its rights hereunder and may pay proper and reasonable compensation for all such legal and other advice or assistance as aforesaid; and
- (b) employ such agents and other assistants as it may reasonably require for the proper discharge of its powers and duties hereunder, and may pay reasonable remuneration for all services performed for it (and shall be entitled to receive reasonable remuneration for all services performed by it) in the discharge of the trusts hereof and compensation for all disbursements, costs and expenses made or

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incurred by it in the discharge of its duties hereunder and in the management of the Trust.

7.11 INVESTMENT OF MONEYS HELD BY TRUSTEE

Unless otherwise provided in this Agreement, any moneys held by or on behalf of the Trustee which under the terms of this Agreement may or ought to be invested or which may be on deposit with the Trustee or which may be in the hands of the Trustee may be invested and reinvested in the name or under the control of the Trustee in securities in which, under the laws of the Province of Ontario, trustees are authorized to invest trust moneys, provided that such securities are stated to mature within two years after their purchase by the Trustee, and the Trustee shall so invest such moneys on the written direction of the Company. Pending the investment of any moneys as hereinbefore provided, such moneys may be deposited in the name of the Trustee in any chartered bank in Canada or, with the consent of the Company, in the deposit department of the Trustee or any other loan or trust company authorized to accept deposits under the laws of Canada or any province thereof at the rate of interest then current on similar deposits.

7.12 TRUSTEE NOT REQUIRED TO GIVE SECURITY

The Trustee shall not be required to give any bond or security in respect of the execution of the trusts, rights, duties, powers and authorities of this Agreement or otherwise in respect of the premises.

7.13 TRUSTEE NOT BOUND TO ACT ON COMPANY'S REQUEST

Except as in this Agreement otherwise specifically provided, the Trustee shall not be bound to act in accordance with any direction or request of the Company, Holdco, Parentco and/or Amdocs or of the directors thereof until a duly authenticated copy of the instrument or resolution containing such direction or request shall have been delivered to the Trustee, and the Trustee shall be empowered to act and rely upon any such copy purporting to be authenticated and believed by the Trustee to be genuine.

7.14 AUTHORITY TO CARRY ON BUSINESS

The Trustee represents to the Company, Holdco, Parentco and Amdocs that at the date of execution and delivery by it of this Agreement it is authorized to carry on the business of a trust company in all the provinces of Canada but if, notwithstanding the provisions of this Section 7.14, it ceases to be so authorized to carry on business, the validity and enforceability of this Agreement and the Voting Rights, the Exchange Right and the Automatic Exchange Rights shall not be affected in any manner whatsoever by reason only of such event but the Trustee shall, within 90 days after ceasing to be authorized to carry on the business of a trust company in

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the Province of Ontario, either become so authorized or resign in the manner and with the effect specified in Article 10 hereof.

7.15 CONFLICTING CLAIMS

If conflicting claims or demands are made or asserted with respect to any interest of any Holder in any Exchangeable Shares, including any disagreement between the heirs, representatives, successors or assigns succeeding to all or any part of the interest of any Holder in any Exchangeable Shares resulting in conflicting claims or demands being made in connection with such interest, then the Trustee shall be entitled, at its sole discretion, to refuse to recognize or to comply with any such claim or demand. In so refusing, the Trustee may elect not to exercise any Voting Rights, Exchange Right or Automatic Exchange Rights subject to such conflicting claims or demands and, in so doing, the Trustee shall not be or become liable to any person on account of such election or its failure or refusal to comply with any such conflicting claims or demands. The Trustee shall be entitled to continue to refrain from

acting and to refuse to act until:

- (a) the rights of all adverse claimants with respect to the Voting Rights, Exchange Right or Automatic Exchange Rights subject to such conflicting claims or demands have been adjudicated by a final judgment of a court of competent jurisdiction; or
- (b) all differences with respect to the Voting Rights, Exchange Right or Automatic Exchange Rights subject to such conflicting claims or demands have been conclusively settled by a valid written agreement binding on all such adverse claimants, and the Trustee shall have been furnished with an executed copy of such agreement.

If the Trustee elects to recognize any claim or comply with any demand made by any such adverse claimant, it may in its discretion require such claimant to furnish such surety bond or other security satisfactory to the Trustee as it shall deem appropriate fully to indemnify it as between all conflicting claims or demands.

7.16 ACCEPTANCE OF TRUST

The Trustee hereby accepts the Trust created and provided for by and in this Agreement and agrees to perform the same upon the terms and conditions herein set forth and to hold all rights, privileges and benefits conferred hereby and by law in trust for the various persons who shall from time to time be Holders, subject to all the terms and conditions herein set forth.

ARTICLE 8

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COMPENSATION

8.1 FEES AND EXPENSES OF THE TRUSTEE

The Company shall pay to the Trustee reasonable compensation for all of the services rendered by it under this Agreement and will reimburse the Trustee for all reasonable expenses (including but not limited to taxes, compensation paid to experts, agents and advisors and travel expenses) and disbursements, including the cost and expense of any suit or litigation of any character and any proceedings before any governmental agency reasonably incurred by the Trustee in connection with its rights and duties under this Agreement; provided that the Company shall have no obligation to reimburse the Trustee for any expenses or disbursements paid, incurred or suffered by the Trustee in any suit or litigation in which the Trustee is determined to have acted in bad faith or with negligence, recklessness or willful misconduct.

ARTICLE 9 INDEMNIFICATION AND LIMITATION OF LIABILITY

9.1 INDEMNIFICATION OF THE TRUSTEE

The Company shall indemnify and hold harmless the Trustee and each of its directors, officers, employees and agents appointed and acting in accordance with this Agreement (collectively, the "Indemnified Parties") against all claims, losses, damages, costs, penalties, fines and reasonable expenses (including reasonable expenses of the Trustee's legal counsel) which, without fraud, negligence, recklessness, willful misconduct or bad faith on the part of such Indemnified Party, may be paid, incurred or suffered by the Indemnified Party by reason of or as a result of the Trustee's acceptance or administration of the Trust, its compliance with its duties set forth in this Agreement, or any written or oral instructions delivered to the Trustee by Amdocs or the Company pursuant hereto. In no case shall the Company be liable under this indemnity for any claim against any of the Indemnified Parties unless the Company shall be notified by the Trustee of the written assertion of a claim or of any action commenced against the Indemnified Parties, promptly after any of the Indemnified Parties shall have received any such written assertion of a claim or shall have been served with a summons or other first legal process giving information as to the nature and basis of the claim. Subject to (ii), below, the Company shall be entitled to participate at its own expense in the defense and, if the Company so elects at any time after receipt of such notice, it may assume the defense of any suit brought to enforce any such claim. The Trustee shall have the right to

employ separate counsel in any such suit and participate in the defense thereof but the fees and expenses of such counsel shall be at the expense of the Trustee unless: (i) the employment of such counsel has been authorized by the Company, such authorization not to be unreasonably withheld; or (ii) the named parties to any such suit include both the Trustee and Amdocs or the Company and the Trustee shall have been advised by counsel acceptable to the Company that there may be one or more legal defenses available to the Trustee that are different from or in addition to those

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available to Amdocs or the Company and that an actual or potential conflict of interest exists (in which case the Company shall not have the right to assume the defense of such suit on behalf of the Trustee but shall be liable to pay the reasonable fees and expenses of counsel for the Trustee).

9.2 LIMITATION OF LIABILITY

The Trustee shall not be held liable for any loss which may occur by reason of depreciation of the value of any part of the Trust Estate or any loss incurred on any investment of funds pursuant to this Agreement, except to the extent that such loss is attributable to the fraud, negligence, willful misconduct or bad faith on the part of the Trustee.

ARTICLE 10 CHANGE OF TRUSTEE

10.1 RESIGNATION

The Trustee, or any trustee hereafter appointed, may at any time resign by giving written notice of such resignation to Amdocs and the Company specifying the date on which it desires to resign, provided that such notice shall never be given less than 60 days before such desired resignation date unless Amdocs and the Company otherwise agree and provided further that such resignation shall not take effect until the date of the appointment of a successor trustee and the acceptance of such appointment by the successor trustee. Upon receiving such notice of resignation, Amdocs and the Company shall promptly appoint a successor trustee by written instrument in duplicate, one copy of which shall be delivered to the resigning trustee and one copy to the successor trustee. Failing acceptance by a successor trustee, a successor trustee may be appointed by an order of the Court upon application of one or more of the parties hereto.

10.2 REMOVAL

The Trustee, or any trustee hereafter appointed, may be removed with or without cause, at any time on 30 days' prior notice by written instrument executed by Amdocs and the Company, in duplicate, one copy of which shall be delivered to the trustee so removed and one copy to the successor trustee.

10.3 SUCCESSOR TRUSTEE

Any successor trustee appointed as provided under this Agreement shall execute, acknowledge and deliver to Amdocs, Parentco, Holdco and the Company and to its predecessor trustee an instrument accepting such appointment. Thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its

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predecessor under this Agreement, with like effect as if originally named as trustee in this Agreement. However, on the written request of Amdocs, Parentco, Holdco and the Company or of the successor trustee, the trustee ceasing to act shall, upon payment of any amounts then due it pursuant to the provisions of this Agreement, execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act. Upon the request of any such successor trustee, Amdocs, Parentco, Holdco, the Company and such predecessor trustee shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all

such rights and powers.

10.4 NOTICE OF SUCCESSOR TRUSTEE

Upon acceptance of appointment by a successor trustee as provided herein, Amdocs and the Company shall cause to be mailed notice of the succession of such trustee hereunder to each Holder specified in a List. If Amdocs or the Company shall fail to cause such notice to be mailed within 10 days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be mailed at the expense of the Company.

ARTICLE 11 AMDOCS SUCCESSORS

11.1 CERTAIN REQUIREMENTS IN RESPECT OF COMBINATION, ETC.

Amdocs, directly or indirectly, shall not consummate any transaction (whether by way of reconstruction, reorganization, consolidation, merger, transfer, sale, lease or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other person or, in the case of a merger, of the continuing corporation resulting therefrom unless, but may do so if:

- (a) such other person or continuing corporation (herein called the "Amdocs Successor"), by operation of law, becomes, without more, bound by the terms and provisions of this Agreement or, if not so bound, executes, prior to or contemporaneously with the consummation of such transaction an agreement supplemental hereto and such other instruments (if any) as are reasonably satisfactory to the Trustee and in the opinion of legal counsel to the Trustee are reasonably necessary or advisable to evidence the assumption by the Amdocs Successor of Amdocs' liability for all moneys payable and property deliverable by Amdocs hereunder and the covenant of such Amdocs Successor to pay and deliver or cause to be delivered the same and its agreement to observe and perform all the covenants and obligations of Amdocs under this Agreement; and
- (b) such transaction shall, to the reasonable satisfaction of the Trustee and in the opinion of legal counsel to the Trustee, be upon such terms so as to substantially

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preserve and not to impair in any material respect any of the rights, interests, duties, powers and authorities of the Trustee or of the Holders hereunder.

11.2 VESTING OF POWERS IN SUCCESSOR

Whenever the conditions of Section 11.1 hereof have been duly observed and performed, the Amdocs Successor and the parties hereto, if required by Section 11.1 hereof, shall execute and deliver the supplemental agreement provided for in Section 12.5 hereof and thereupon Amdocs Successor shall possess and from time to time may exercise each and every right and power of Amdocs under this Agreement in the name of Amdocs or otherwise and any act or proceeding by any provision of this Agreement required to be done or performed by the Board of Directors of Amdocs or any officers of Amdocs may be done and performed with like force and effect by the directors or officers of such Amdocs Successor.

11.3 WHOLLY-OWNED SUBSIDIARIES

Nothing herein shall be construed as preventing the amalgamation, merger or other combination of any wholly-owned direct or indirect subsidiary of Amdocs with or into Amdocs or the winding-up, liquidation or dissolution of any wholly-owned subsidiary of Amdocs provided that all of the assets of such subsidiary are transferred to Amdocs or another wholly-owned subsidiary of Amdocs, and any such transactions are expressly permitted by this Article 11.

ARTICLE 12

AMENDMENTS AND SUPPLEMENTAL TRUST AGREEMENTS

12.1 AMENDMENTS, MODIFICATIONS, ETC.

This Agreement may not be amended or modified except by an agreement in writing executed by the Company, Amdocs, Parentco, Holdco and the Trustee and approved by the Holders in accordance with Section 10.2 of the Exchangeable Share Provisions.

12.2 ADMINISTRATIVE AMENDMENTS

Notwithstanding the provisions of Section 12.1 hereof, the parties to this Agreement may in writing, at any time and from time to time, without the approval of the Holders, amend or modify this Agreement for the purposes of:

- (a) adding to the covenants of any or all parties hereto for the protection of the Holders hereunder provided that the Board of Directors of each of the Company and Amdocs shall be of the good faith opinion that such additions will not be prejudicial to the rights or interests of the Holders;

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- (b) making such amendments or modifications not inconsistent with this Agreement as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the Board of Directors of each of Amdocs and Company and in the good faith opinion of the Trustee and its counsel, having in mind the best interests of the Holders as a whole, it may be expedient to make, provided that such boards of directors and the Trustee and its counsel shall be of the good faith opinion that such amendments and modifications will not be prejudicial to the interests of the Holders as a whole; or
- (c) making such changes or corrections which, on the advice of counsel to the Company, Amdocs and the Trustee, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that the Trustee and its counsel and the Board of Directors of each of the Company and Amdocs shall be of the good faith opinion that such changes or corrections will not be prejudicial to the interests of the Holders as a whole.

12.3 MEETING TO CONSIDER AMENDMENTS

The Company, at the request of Amdocs, shall call a meeting or meetings of the Holders for the purpose of considering any proposed amendment or modification requiring approval pursuant hereto. Holders may also approve any proposed amendment or modification by written consent of Holders holding not less than the minimum number of Exchangeable Shares that would be necessary to authorize or take such action at a meeting of Holders called for such purpose. Any such meeting or meetings shall be called and held, or written consent given shall be given in accordance with the by-laws of the Company, the Exchangeable Share Provisions and all applicable laws.

12.4 CHANGES IN CAPITAL OF AMDOCS AND THE COMPANY

At all times after the occurrence of any event effected pursuant to Section 2.7 or Section 2.8 of the Support Agreement or otherwise, as a result of which either Amdocs Ordinary Shares or the Exchangeable Shares or both are in any way changed, this Agreement shall forthwith be amended and modified as necessary in order that it shall apply with full force and effect, mutatis mutandis, to all new securities into which the Amdocs Ordinary Shares or the Exchangeable Shares or both are so changed and the parties hereto shall execute and deliver a supplemental agreement giving effect to and evidencing such necessary amendments and modifications.

12.5 EXECUTION OF SUPPLEMENTAL AGREEMENTS

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No amendment to or modification or waiver of any of the provisions of this Agreement otherwise permitted hereunder shall be effective unless made in writing and signed by all of the parties hereto. From time to time the Company, Amdocs, Parentco, Holdco and the Trustee may, subject to the provisions of these presents, and they shall, when so directed by these presents, execute and deliver by their proper officers, agreements or other instruments supplemental hereto, which thereafter shall form part hereof, for any one or more of the following purposes:

- (a) evidencing the succession of Amdocs Successors to Amdocs and the covenants of and obligations assumed by each such Amdocs Successor in accordance with the provisions of Article 11 and the successor of any successor trustee in accordance with the provisions of Article 10;
- (b) making any additions to, deletions from or alterations of the provisions of this Agreement or the Voting Rights, the Exchange Right or the Automatic Exchange Rights which, in the opinion of the Trustee and its counsel, will not be prejudicial to the interests of the Holders as a whole or are in the opinion of counsel to the Trustee necessary or advisable in order to incorporate, reflect or comply with any legislation the provisions of which apply to Amdocs, Parentco, Holdco, the Company, the Trustee or this Agreement; and
- (c) for any other purposes not inconsistent with the provisions of this trust agreement, including without limitation to make or evidence any amendment or modification to this agreement as contemplated hereby, provided that, in the opinion of the Trustee and its counsel, the rights of the Trustee and the Holders as a whole will not be prejudiced thereby.

ARTICLE 13 TERMINATION

13.1 TERM

The Trust created by this Agreement shall continue until the earliest to occur of the following events:

- (a) no outstanding Exchangeable Shares are held by a Holder (other than Amdocs and its Affiliates);
- (b) each of the Company and Amdocs elects in writing to terminate the Trust and such termination is approved by the Holders of the Exchangeable Shares in accordance with Section 10.2 of the Exchangeable Share Provisions; and

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- (c) 21 years from the date of this Agreement.

13.2 SURVIVAL OF AGREEMENT

This Agreement shall survive any termination of the Trust and shall continue until there are no Exchangeable Shares outstanding held by a Holder; provided, however, that the provisions of Articles 8 and 9 hereof shall survive any such termination of this Agreement.

ARTICLE 14 GENERAL

14.1 SEVERABILITY

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end

that the transactions contemplated hereby are fulfilled to the fullest extent possible.

14.2 INUREMENT

This Agreement shall be binding upon and inure to the benefit of the parties hereto, the holders of the Exchangeable Shares and their respective successors and permitted assigns, as well as to their respective heirs, executors, trustees, administrators and other personal representatives.

14.3 NOTICES TO PARTIES

All notices and other communications between the parties hereunder shall be in writing and shall be deemed to have been given if delivered personally or by overnight courier service, transmitted by facsimile or mailed by registered or certified mail, postage prepaid to the parties at the following addresses (or at such other address for such party as shall be specified in like notice):

- (a) if to Amdocs, Parentco or Holdco to:

c/o Amdocs Management Limited
Grand Buildings

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1-3 Strand
London WC2N5EJ
Facsimile No.: 44-171-930-2321

with a copy to:

Reboul, MacMurray, Hewitt, Maynard
& Kristol
45 Rockefeller Plaza
New York, New York 10111
Attention: Robert A. Schwed
Facsimile No.: (212) 841-5725

- (b) if to the Company to:

Solect Technology Group Inc.
55 University Avenue
Toronto, Ontario M5J 2H7
Attention: President
Facsimile No.: (416) 216-6351

with a copy to:

Fasken Martineau DuMoulin LLP
Toronto Dominion Centre
Toronto Dominion Bank Tower
Suite 3600
Toronto Ontario
M5K 1N6
Attention: Constance L. Sugiyama
Facsimile: (416) 364-7813

and to:

Skadden, Arps, Slate, Meagher & Flom LLP
Suite 1820 North Tower
Royal Bank Plaza
Toronto, Ontario
M5J 2S4
Attention: Christopher W. Morgan
Facsimile: (416) 322-0088

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and to:

Reboul, MacMurray, Hewitt, Maynard
& Kristol
45 Rockefeller Plaza
New York, New York 10111
Attention: Robert A. Schwed
Facsimile No.: (212) 841-5725

(c) if to the Trustee to:

The Trust Company of Bank of Montreal
Suite 5104
1 First Canadian Place
Toronto, Ontario
M5X 1A1
Attention: Senior Trust Officer
Fax: (416) 867-6264

Any notice or other communication given in accordance herewith shall be deemed to have been given and received upon receipt thereof unless such day is not a Business Day in which case it shall be deemed to have been given and received upon the immediately following Business Day.

14.4 NOTICE OF HOLDERS

Any and all notices to be given and any documents to be sent to any Holders may be given or sent to the address of such holder shown on the register of holders of Exchangeable Shares in any manner permitted by the by-laws of the Company from time to time in force in respect of notices to shareholders and shall be deemed to be received (if given or sent in such manner) at the time specified in such by-laws, the provisions of which by-laws shall apply mutatis mutandis to notices or documents as aforesaid sent to such Holders.

14.5 RISK OF PAYMENTS BY POST

Whenever payments are to be made or documents are to be sent to any Holder by the Trustee or by the Company, or by such Holder to the Trustee or to Amdocs or the Company, the making of such payment or sending of such document sent through the post shall be at the

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risk of the Company, in the case of payments made or documents sent by the Trustee or the Company, and the Holder, in the case of payments made or documents sent by the Holder.

14.6 COUNTERPARTS

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

14.7 JURISDICTION

This Agreement shall be construed and enforced in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

14.8 ATTORNMENMENT

Each of Amdocs, Parentco, Holdco and the Company agrees that any action or proceeding arising out of or relating to this Agreement may be instituted in the courts of Ontario, waives any objection which it may have now or hereafter to the venue of any such action or proceeding, irrevocably submits to the jurisdiction of the said courts in any such action or proceeding, agrees to be bound by any judgment of the said courts and agrees not to seek, and hereby waives, any review of the merits of any such judgment by the courts of any other jurisdiction and each such party (other than the Company) hereby

appoints the Company at its registered office in the Province of Ontario as such party's attorney for service of process.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

AMDOCS LIMITED

By: /s/ THOMAS G. O'BRIEN

Name: Thomas G. O'Brien
Title:

AMDOCS (DENMARK) APS.

By: /s/ THOMAS G. O'BRIEN

Name: Thomas G. O'Brien
Title:

AMDOCS HOLDINGS ULC

By: /s/ THOMAS G. O'BRIEN

Name: Thomas G. O'Brien
Title:

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SOLECT TECHNOLOGY GROUP INC.

By: /s/ PAUL ATKINSON

Name: Paul Atkinson
Title:

THE TRUST COMPANY OF BANK OF
MONTREAL

By: /s/ LIONEL PETERS

Name: Lionel Peters
Title: Trust Officer

SIGNIFICANT SUBSIDIARIES OF AMDOCS LIMITED

LIST OF THE SUBSIDIARIES	JURISDICTION OF INCORPORATION OR ORGANIZATION	BUSINESS NAME
Amdocs (USA), Inc.	State of Delaware	Amdocs (USA), Inc.
European Software Marketing Ltd.	Island of Guernsey, Channel Islands	European Software Marketing Ltd.
Amdocs (UK) Limited	United Kingdom	Amdocs (UK) Limited
European Support Limited	United Kingdom	European Support Limited
Amdocs (Brazil) Limitada	Brazil	Amdocs (Brazil) Limitada
Amdocs Software GmbH	Germany	Amdocs Software GmbH
Directory Technology (Pty) Limited	Victoria, Australia	Directory Technology (Pty) Limited
Amdocs Management Limited	United Kingdom	Amdocs Management Limited
Amdocs (Israel) Limited	Israel	Amdocs (Israel) Limited (formerly P.S. Publishing Systems Ltd.)
Amdocs, Inc.	State of Delaware	Amdocs, Inc.
Canadian Directory Technology Ltd.	State of Delaware	Canadian Directory Technology Ltd.
Amdocs Services, Inc.	State of Delaware	Amdocs Services, Inc.
Sypress, Inc.	State of Delaware	Sypress, Inc.
International Telecommunication Data Systems, Inc.	State of Delaware	International Telecommunication Data Systems, Inc.
ITDS Intelicom Services, Inc.	State of Delaware	ITDS Intelicom Services, Inc.
Amdocs (CR) S.R.O.	Czech Republic	Amdocs (CR) S.R.O.
Amdocs Development Limited	Republic of Cyprus	Amdocs Development Limited (formerly Amdocs (Cyprus) Ltd.)
Amdocs Software Systems Ltd.	Ireland	Amdocs Software Systems Ltd.
Amdocs (Denmark) ApS	Denmark	Amdocs (Denmark) ApS
Amdocs Holdings ULC	Canada	Amdocs Holding ULC
Solect Technology Group, Inc.	Canada	Solect, a Division of Amdocs

CONSENT OF ERNST & YOUNG LLP

We consent to the reference to our firm under the caption "Selected Financial Data" and to the incorporation by reference of our report dated November 2, 2000 with respect to the consolidated financial statements and financial statement schedule of Amdocs Limited incorporated by reference in this Annual Report (Form 20-F) for the year ended September 30, 2000.

St. Louis, Missouri
January 2, 2001