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AMDOCS LTD  
Form POS AM  
November 17, 2004

As filed with the Securities and Exchange Commission on November 17, 2004

Registration Statement No. 333-114344

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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Post-Effective Amendment No. 3 to

FORM F-3

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REGISTRATION STATEMENT UNDER  
THE SECURITIES ACT OF 1933

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AMDOCS LIMITED  
(Exact name of registrant as specified in its charter)

ISLAND OF GUERNSEY  
(State or other jurisdiction of incorporation or  
organization)

NOT APPLICABLE  
(I.R.S. Employer  
Identification No.)

SUITE 5, TOWER HILL HOUSE LE BORDAGE  
ST. PETER PORT, ISLAND OF GUERNSEY, GY1 3QT CHANNEL ISLANDS  
011-44-1481-728444  
(Address and telephone number of registrant's principal executive offices)

AMDOCS, INC.  
1390 TIMBERLAKE MANOR PARKWAY, CHESTERFIELD, MISSOURI 63017  
ATTENTION: THOMAS G. O'BRIEN, TREASURER  
(314) 212-8328  
(Name, address and telephone number of agent for service)

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

ROBERT A. SCHWED, ESQ.  
WILMER CUTLER PICKERING HALE AND DORR LLP  
399 PARK AVENUE  
NEW YORK, NEW YORK 10022  
(212) 230-8888

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO PUBLIC: From time to  
time after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered  
pursuant to dividend or interest reinvestment plans, please check the following  
box. [ ]

If any of the securities being registered on this Form are to be offered on

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a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. [X]

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

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

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

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

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EXPLANATORY NOTE

This Post-Effective Amendment No. 3 to Form F-3 is being filed to add the names and respective holdings of certain selling securityholders in the table under the caption "Selling Securityholders". Certain other information included herein has also been updated.

PROSPECTUS (Subject to Completion)

\$450,000,000

AMDOCS LIMITED

0.50% CONVERTIBLE SENIOR NOTES DUE 2024

10,435,995 ORDINARY SHARES ISSUABLE UPON CONVERSION OF THE NOTES

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Amdocs Limited, a company organized under the laws of the Island of Guernsey, issued \$450,000,000 aggregate principal amount of its 0.50% Convertible Senior Notes due 2024 in a private placement on March 5, 2004 to the initial purchasers. The initial purchasers resold the notes to qualified institutional buyers in accordance with Rule 144A under the Securities Act of 1933, as amended. This prospectus will be used by the selling securityholders from time to time to resell their notes and any ordinary shares issuable upon conversion of the notes. We will not receive any proceeds from the sale of the notes or any ordinary shares issuable upon conversion of the notes offered by this prospectus.

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The notes bear regular interest at 0.50% per annum on the principal amount from March 5, 2004. Regular interest is payable semi-annually on March 15 and September 15 of each year, beginning September 15, 2004. The notes are unsecured and unsubordinated obligations of Amdocs Limited and will rank equal in priority with all of its other existing and future unsecured and unsubordinated indebtedness and senior in right of payment to all of its existing and future subordinated indebtedness.

Holders may convert each note for a number of ordinary shares, which we refer to as the conversion rate, as follows:

- during any fiscal quarter commencing after March 31, 2004, and only during that quarter if the closing sale price of our ordinary shares exceeds 130% of the conversion price for at least 20 trading days in the 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter (initially 130% of \$43.12, or \$56.06),
- upon the occurrence of specified credit rating events with respect to the notes;
- subject to certain exceptions, during the five business day period after any five consecutive trading day period (the "measurement period") in which the trading price per note for each day of that measurement period was less than 98% of the product of the closing sale price of our ordinary shares and the conversion rate; provided, however, holders may not convert their notes (in reliance on this subsection) if on any trading day during such measurement period the closing sale price of our ordinary shares was between 100% and 130% of the then current conversion price of the notes (initially, between \$43.12 and \$56.06),
- if the notes have been called for redemption, or
- upon the occurrence of specified corporate events described under "Description of Notes--Conversion of Notes--Conversion Upon Specified Corporate Transactions."

Beginning March 20, 2009, we may redeem any of the notes at a redemption price equal to 100% of their principal amount, plus accrued and unpaid interest. Holders may require us to repurchase some or all of their notes at a repurchase price equal to 100% of their principal amount plus accrued and unpaid interest and liquidated damages, if any, on March 15 of 2009, 2014 and 2019 or at any time prior to their maturity following a designated event, as defined herein.

The initial conversion rate for the notes is 23.1911 ordinary shares per \$1,000 principal amount of notes, subject to adjustment as described in this prospectus, which represents an initial conversion price of approximately \$43.12 per share.

Our ordinary shares are traded on the New York Stock Exchange under the symbol "DOX." On November 15, 2004, the closing sale price of our ordinary shares on the New York Stock Exchange was \$26.78 per share. You are urged to obtain current market quotations for our ordinary shares.

For a more detailed description of the notes, see "Description of Notes" beginning on page 25.

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SEE "RISK FACTORS" BEGINNING ON PAGE 9 TO READ ABOUT FACTORS YOU SHOULD CONSIDER  
BEFORE INVESTING IN THE NOTES OR OUR ORDINARY SHARES.  
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NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES  
COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF  
THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS  
A CRIMINAL OFFENSE.  
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THE DATE OF THIS PROSPECTUS IS 2004.

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We have not authorized anyone to provide you with information different from that contained or incorporated by reference in this prospectus. The selling securityholders are offering to sell, and seeking offers to buy, the securities only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus,

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regardless of the time of delivery of this prospectus or of any sale of the securities.

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### PROSPECTUS SUMMARY

This summary highlights selected information about us and the notes and is not intended to be complete. It does not contain all the information that you should consider before investing in the notes. You should read carefully this entire prospectus, including "Risk Factors" and our consolidated financial statements and related notes and the other documents that we incorporate by reference into this prospectus before making an investment decision.

### AMDOCS LIMITED

Our market focus is primarily the communications industry, and 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 products and services provide an integrated approach to customer management, which we refer to as Integrated Customer Management. Our Integrated Customer Management product offerings consist primarily of billing and customer relationship management systems, which we refer to, collectively, as CC&B Systems. Our portfolio also includes a full range of directory sales and publishing systems for publishers of both traditional printed yellow page and white page directories and electronic Internet directories.

Our Integrated Customer Management systems are designed to meet the mission-critical needs of leading communications service providers, which include customer relationship management, order management, call rating, invoice calculation and preparation, bill formatting, collections, partner relationship management and directory publishing services. We support a wide range of communications services, including wireline, wireless, voice, data, broadband, content, electronic and mobile commerce and Internet Protocol based services. We also support companies that offer multiple service packages, commonly referred to as bundled or convergent services. Due to the complexity of our customers' projects and the expertise required for system support, we also provide extensive system implementation, integration, modification, ongoing support, enhancement and maintenance services. In addition, we offer Managed Services, which include a combination of services, such as system modernization and consolidation, management and operation of data centers, purchase and management of related hardware assets, billing operations and application support.

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, European and other communications companies, including major wireline companies and wireless companies.

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.

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- Continued Focus on the Communications Industry. We intend to continue to concentrate our main resources and efforts on providing strategic information systems to the communications industry. 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 and convergent service sectors.
- Target Industry Leaders. We intend to continue to direct our marketing efforts principally towards the major communications companies. We derive a significant portion of our revenues from our customer base of major communications companies in North America, Europe

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and the Asia-Pacific region. We believe that the development of this premier customer base has helped position us as a market leader, while contributing to the core strength of our business. By targeting industry leaders 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 Integrated Products and Services Solutions. Our strategy is to provide customers with total systems solutions consisting of our Integrated Customer Management products and our specialized services. By leveraging our product and industry knowledge, we believe that we can provide effective system integration and implementation services as well as Managed Services to our customers.
- Provide Customers with a Broad, Integrated Suite of Products. We seek to provide our customers with a broad suite of products to meet all their Integrated Customer Management needs. For communications service providers, we seek to provide CC&B Systems across all lines of their business, such as wireline, mobile and data. This approach also means that we can support global communications service providers throughout their various international operations. We believe that our ability to provide a broad suite of products helps establish us as a strategic partner for our customers, and also provides us with multiple avenues for strengthening and expanding our ongoing customer relationships.
- 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 added value we provide through 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.

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We were organized under the laws of the Island of Guernsey in 1988.

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Since 1995, Amdocs Limited has been a holding company for the various subsidiaries that conduct our business on a worldwide basis. 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. 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. We maintain a website at [www.amdocs.com](http://www.amdocs.com). We are not incorporating the information contained in our website as part of, or incorporating it by reference into, this prospectus.

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### RECENT DEVELOPMENTS

On May 3, 2004, we announced a cash offer for our 2% Convertible Notes Due June 1, 2008, which we refer to as the 2% Notes. Pursuant to the indenture for the 2% Notes, each holder of the 2% Notes had the right to require us to repurchase on June 1, 2004 all or any part of such holder's 2% Notes at a price equal to 100% of the principal amount plus accrued and unpaid interest. Under the terms of the 2% Notes, we had the option to pay for the 2% Notes with cash, ordinary shares, or a combination of cash and ordinary shares, and we elected to pay for the 2% Notes solely with cash. As of April 30, 2004, there was \$395.5 million aggregate principal amount of notes outstanding.

On June 1, 2004, we announced that the offer had expired and that we had accepted for purchase \$395,110,000 in aggregate principal amount of the 2% Notes, which constituted all of the 2% Notes validly tendered and not withdrawn, at a purchase price of \$1,000 per \$1,000 of principal amount of the 2% Notes. Payment for the 2% Notes was made with available cash. The untendered principal amount of 2% Notes remain as obligations of the Company, due June 1, 2008, in accordance with their terms.

On July 28, 2004, we announced that our Board of Directors had extended our share repurchase program for the additional repurchase of up to \$100 million of our ordinary shares in open market or privately negotiated transactions and at times and prices we deem appropriate. In accordance with this extension, we repurchased approximately 4.9 million ordinary shares, at an average price of \$20.40 per share.

On November 3, 2004, we announced our financial results for the quarter ended September 30, 2004. For the quarter ended September 30, 2004, our revenue was \$452.5 million. Our net income for the quarter ended September 30, 2004 was \$61.6 million. In the fiscal year ended September 30, 2004, revenue was \$1.774 billion. Our net income for the fiscal year ended September 30, 2004 was \$234.9 million.

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Unless the context otherwise requires, references in this prospectus to "Amdocs," "we," "us," and "our" refer to Amdocs Limited and its subsidiaries.

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### THE OFFERING

Issuer .....	Amdocs Limited, a company organized under the laws of the Island of Guernsey.
Securities Offered ....	\$450.0 million principal amount of 0.50% Convertible Senior Notes due 2024 and 10,435,995 ordinary shares issuable upon conversion of the notes.
Maturity Date .....	March 15, 2024, unless earlier converted, redeemed or repurchased.
Ranking .....	The notes are our direct, unsecured and unsubordinated obligations and rank equal in priority with all of our other existing and future unsecured and unsubordinated indebtedness, including our 2% Convertible Notes due June 1, 2008, which we refer to as the 2% Notes, and senior in right of payment to all of our existing and future subordinated indebtedness. The notes are unsecured and, therefore, are effectively subordinated to any of our secured debt, to the extent of the assets securing such indebtedness. The notes are also structurally subordinated to the debt and other liabilities of our subsidiaries. With the exception of the 2% Notes, substantially all of the liabilities reflected on our balance sheet as of June 30, 2003 are liabilities of our subsidiaries.
Interest .....	0.50% per annum on the principal amount of the notes, payable semi-annually in arrears in cash on March 15 and September 15 of each year, beginning on September 15, 2004.
Conversion Rights .....	<p>You may convert the notes into our ordinary shares, par value (pound) 0.01 per share, which we refer to as our ordinary shares, at a conversion rate of 23.1911 shares per \$1,000 principal amount of notes (a conversion price of \$43.12 per share), subject to adjustment, prior to the close of business on the final maturity date under any of the following circumstances:</p> <ul style="list-style-type: none"><li>- during any fiscal quarter commencing after March 31, 2004, and only during that fiscal quarter if the closing sale price of our ordinary shares exceeds 130% of the conversion price for at least 20 trading days in the 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter; or</li><li>- after the earlier of (a) the date the notes are rated by both Standard &amp; Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors ("Standard &amp; Poor's") and Moody's Investor Services and its successors ("Moody's") and (b) five business days from the date the notes are issued, during any period in which the credit rating assigned to the notes by Standard &amp; Poor's or Moody's is "BB-" or</li></ul>



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"Ba3," respectively, or lower, or if either of these rating agencies no longer rates the notes, or if either of these rating agencies suspends or withdraws the rating assigned to the notes, or if the notes are not assigned a rating by both rating agencies; or

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- during the five business day period after any five consecutive trading day period (the "measurement period") in which the trading price per note for each day of that measurement period was less than 98% of the product of the closing sale price of our ordinary shares and the number of shares issuable upon conversion of \$1,000 principal amount of the notes; provided, however, you may not convert your notes (in reliance on this subsection) if on any trading day during such measurement period the closing sale price of our ordinary shares was between 100% and 130% of the then current conversion price of the notes; or
- if the notes have been called for redemption; or
- upon the occurrence of specified corporate events described under "Description of Notes--Conversion of Notes--Conversion Upon Specified Corporate Transactions."

You will not receive any cash payment or additional shares representing accrued and unpaid interest upon conversion of a note, except in limited circumstances. Instead, such interest, if any, will be forfeited upon conversion. Notes called for redemption may be converted until the close of business on the business day immediately preceding the redemption date, after which time your right to convert will expire unless we default in the payment of the redemption price.

Sinking Fund ..... None.

Optional Redemption ... Prior to March 20, 2009, the notes will not be redeemable, except as described under "Description of Notes - Tax Redemption." On or after March 20, 2009, we may redeem any of the notes by giving you at least 30 days' notice. We may redeem the notes either in whole or in part at a redemption price equal to 100% of their principal amount, plus accrued and unpaid interest and liquidated damages, if any, to, but excluding, the date of repurchase.

Designated Event ..... If a designated event (as described under "Description of Notes--Repurchase at Option of the Holder Upon a Designated Event") occurs prior to maturity, you may require us to purchase all or part of your notes at a repurchase price equal to 100% of their principal amount, plus accrued and unpaid

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interest and liquidated damages, if any, to, but excluding, the date of repurchase.

Repurchase at the Option  
of the Holder .....

You may require us to repurchase some or all of your notes on March 15 of 2009, 2014 and 2019, at a repurchase price equal to 100% of the principal amount, plus accrued and unpaid interest and liquidated damages, if any, to, but excluding, the applicable repurchase date. We may choose to pay the repurchase price in cash or ordinary shares (valued using the method set forth in "Description of Notes--Repurchase at Option of the Holder") or a combination of cash and ordinary shares, provided that we will pay any accrued and unpaid interest in cash.

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Use of Proceeds .....

We will not receive any proceeds from the sale by the selling securityholders of the notes or the ordinary shares issuable upon conversion of the notes.

Registration Rights ...

Pursuant to a registration rights agreement, we have agreed to register the resale of the notes and the ordinary shares issuable upon conversion of the notes. If we fail to comply with certain of our obligations under the registration rights agreement, liquidated damages will be payable on the notes and the ordinary shares issuable upon conversion of the notes. See "Description of Notes--Registration Rights."

Book-entry Form .....

The notes have been issued in book-entry form and are represented by global certificates deposited with, or on behalf of, The Depository Trust Company, or DTC, and registered in the name of a nominee of DTC. Beneficial interests in any of the notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee and any such interest may not be exchanged for certificated securities, except in limited circumstances.

Trading .....

The notes are new securities for which no market currently exists. While the initial purchasers have informed us that they intend to make a market in the notes, they are under no obligation to do so and may discontinue such activities at any time without notice. The notes are listed on any securities exchange or included in any automated quotation system. While the notes are expected to be designated for trading in The PORTAL Market, we cannot assure you that any active or liquid market will develop for the notes.

New York Stock Exchange  
Symbol for Our  
Ordinary Shares .....

DOX.

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## SUMMARY HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States and presented in U.S. dollars. The summary historical consolidated financial information set forth below has been derived from our historical consolidated financial statements for the periods presented. Historical information as of and for the five years ended September 30, 2003 is derived from our consolidated financial statements, which have been audited by Ernst & Young LLP, our independent auditors. The summary historical consolidated interim financial information as of and for the nine months ended June 30, 2004 and 2003 is derived from our unaudited historical consolidated interim financial statements. The unaudited historical consolidated interim financial information reflects all adjustments, consisting of normal recurring adjustments, that we consider necessary for a fair presentation of those statements. The results for an interim period are not necessarily indicative of the results for a full fiscal year. You should read the summary historical consolidated financial information set forth below in conjunction with "Operating and Financial Review and Prospects," our consolidated financial statements and related footnotes and the other financial information included in our reports filed with the Securities and Exchange Commission, referred to herein as the SEC, and incorporated by reference in this prospectus.

	YEAR ENDED SEPTEMBER 30,				
	2003	2002	2001	2000	
	----	----	----	----	
	(in thousands, except per share)				
<b>STATEMENT OF OPERATIONS DATA:</b>					
Revenue.....	\$1,483,327	\$1,613,565	\$1,533,910	\$1,118,320	\$6
Operating income (1) (2) (3).....	210,418	49,161	159,281	74,124	1
Net income (loss) (1) (2) (3) (4).....	168,883	(5,061)	66,386	5,978	
Basic earnings (loss) per share.....	0.78	(0.02)	0.30	0.03	
Diluted earnings (loss) per share.....	0.77	(0.02)	0.29	0.03	

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**BALANCE SHEET DATA:**

Total assets.....

2% Convertible Notes due 2008 .....

0.50% Convertible Senior Notes due 2024.....

Long-term obligations, including current portion.....

Shareholders' equity (4).....

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- (1) In fiscal 2000, we recorded acquisition-related charges of \$75,617, relating to our acquisitions of International Telecommunication Data Systems, Inc. in November 1999 and Solect Technology Group Inc. in April 2000, in stock-for-stock transactions. These charges included write-offs of purchased in-process research and development and other indirect acquisition-related costs.
- (2) In fiscal 2002, we recorded acquisition-related charges for in-process research and development of \$17,400, relating to our November 2001 acquisition from Nortel Networks Corporation of substantially all of the assets of its Clarify business for cash. We also recorded restructuring charges of \$34,230 relating to the closure of our Stamford, Connecticut data center and our cost reduction program.

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- (3) In the first quarter of fiscal 2003, we recorded a restructuring charge of \$9,956 related to our cost reduction program. In the fourth quarter of fiscal 2003, we recorded an acquisition-related charge of \$4,133 related to our July 2003 acquisition from Bell Canada of its 90% ownership interest in Certen Inc. for cash. Prior to this acquisition, we had 10% ownership interest in Certen. This charge reflects our 10% share in Certen's pre-acquisition results.
- (4) In November 2001, our Board of Directors approved a twelve-month share repurchase program and authorized us to repurchase ordinary shares. During fiscal 2002, we repurchased 7,732 ordinary shares, at an average price of \$14.13 per share. During fiscal 2003, we did not repurchase any ordinary shares. On November 5, 2003, our Board of Directors approved an additional twelve-month share repurchase program to purchase up to 5,000 ordinary shares. In accordance with this program, as of December 31, 2003, we had repurchased an additional 4,990 ordinary shares, at an average price of \$24.82 per share. In connection with our acquisition of XACCT Technologies Ltd., our Board of Directors approved the repurchase of ordinary shares to offset the dilutive effect of share issuances in the acquisition. The closing of the acquisition occurred in February 2004, and we repurchased 485 ordinary shares in February 2004. On July 28, 2004, we announced that our Board of Directors had extended our share repurchase program for the additional repurchase of up to \$100 million of our ordinary shares in open market or privately negotiated transactions and at times and prices we deem appropriate. In accordance with this extension, we repurchased approximately 4.9 million ordinary shares, at an average price of \$20.40 per share.

### RATIO OF EARNINGS TO FIXED CHARGES

The following table presents our historical ratios of earnings to fixed charges for the periods indicated:

NINE MONTHS ENDED	FISCAL YEARS ENDED SEPTEMBER			
JUNE 30, 2004	2003	2002	2001	2000
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Ratio (1).....	14.99x	13.49x	3.87x	9.19x	10.
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- (1) The ratio of earnings to fixed charges represents the number of times "fixed charges" are covered by "earnings." "Fixed charges" means interest expense, amortized premiums, discounts and capitalized expenses related to indebtedness, and an estimate of the interest within rental expense. "Earnings" consist of consolidated net income from continuing operations before income taxes and fixed charges.

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### RISK FACTORS

You should carefully consider the following risk factors, in addition to the other information presented in this prospectus and the documents incorporated by reference in this prospectus, in evaluating our business and an investment in the notes and our ordinary shares. Any of the following risks, as well as other risks and uncertainties, could seriously harm our business and financial results and cause the value of the notes and ordinary shares issuable upon conversion of the notes to decline, which in turn could cause you to lose all or part of your investment.

#### RISKS RELATED TO OUR BUSINESS

WE ARE EXPOSED TO GENERAL GLOBAL ECONOMIC AND MARKET CONDITIONS, PARTICULARLY THOSE IMPACTING THE COMMUNICATIONS INDUSTRY.

Developments in the communications industry, such as the impact of general global economic conditions, continued industry consolidation, the formation of alliances among network operators and service providers, and changes in the regulatory environment have had, and could continue to have, a material adverse effect on our existing or potential customers. These conditions have reduced the high growth rates that the communications industry had previously experienced, and have caused the market value, financial results and prospects, and capital spending levels of many communications companies to decline or degrade. In recent years, the communications industry has experienced significant financial pressures that have caused many in the industry to cut expenses and limit investment in capital intensive projects and have led to numerous restructurings and bankruptcies.

The need for communications providers to control operating expenses and capital investment budgets has resulted in slowed customer buying decisions, as well as price pressures. Due to adverse conditions in the business environment for communications companies, our revenues declined in the second half of fiscal 2002 and continued to decline in the first quarter of fiscal 2003. As a result, we undertook restructuring programs in fiscal 2002 and fiscal 2003 to reduce costs. Adverse market conditions could continue to have a negative impact on our business by reducing the number of new contracts we are able to sign and the size of initial spending commitments, as well as decreasing the level of discretionary spending under contracts with existing customers. In addition, a further slowdown in the buying decisions of communications providers could extend our sales cycle period and limit our ability to forecast our flow of new contracts.

IF WE FAIL TO ADAPT TO CHANGING MARKET CONDITIONS AND CANNOT COMPETE SUCCESSFULLY WITH EXISTING OR NEW COMPETITORS, OUR BUSINESS COULD BE

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HARMED.

We may be unable to compete successfully with existing or new competitors. If we fail to adapt to changing market conditions and to compete successfully with established or new competitors, it could have a material adverse effect on our results of operations and financial condition. We face intense competition for the software products and services that we sell, including competition for Managed Services we provide to customers under long-term service agreements. These Managed Services include a combination of services, such as system modernization and consolidation, management and operation of data centers, purchase and management of related hardware assets, billing operations and application support.

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 the in-house software departments of communications companies. Our competitors include firms that provide comprehensive information systems and Managed Services solutions, 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 believe that our ability to compete depends 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 long operating histories, large customer bases, substantial financial, technical, sales, marketing and other resources, and strong name recognition. 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

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prospective customers. In addition, our competitors have acquired, and may continue to acquire in the future, companies that may enhance their market offerings. Accordingly, new competitors or alliances among competitors may emerge and rapidly acquire significant market share. As a result, our competitors may be able to adapt more quickly than us to new or emerging technologies and changes in customer requirements, and may be able to devote greater resources to the promotion and sale of their products. We cannot assure you 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.

IF WE DO NOT CONTINUALLY ENHANCE OUR PRODUCTS AND SERVICE OFFERINGS, WE MAY HAVE DIFFICULTY RETAINING EXISTING CUSTOMERS AND ATTRACTING NEW CUSTOMERS

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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 Integrated Customer Management products that operate in state-of-the-art computing environments. Our present or future products may not satisfy the evolving needs of the communications industry. If we are unable to anticipate or respond adequately to such needs, due to resource, technological or other constraints, our business and results of operations could be harmed.

WE MAY SEEK TO ACQUIRE COMPANIES OR TECHNOLOGIES, WHICH COULD DISRUPT OUR ONGOING BUSINESS, DISTRACT OUR MANAGEMENT AND EMPLOYEES AND ADVERSELY AFFECT OUR RESULTS OF OPERATIONS.

We may acquire companies where we believe we can acquire new products or services or otherwise enhance our market position or strategic strengths. We cannot assure you that suitable acquisition candidates can be found, that acquisitions can be consummated on favorable terms or that we will be able to complete otherwise favorable acquisitions because of antitrust or other regulatory concerns. If we do complete acquisitions, we cannot assure you that they will ultimately enhance our products or strengthen our competitive position. In addition, any acquisitions that we make could lead to difficulties in integrating personnel and operations from the acquired businesses and in retaining and motivating key personnel from these businesses. Acquisitions may disrupt our ongoing operations, divert management from day-to-day responsibilities, increase our expenses and harm our results of operations or financial condition.

OUR BUSINESS IS DEPENDENT ON A LIMITED NUMBER OF SIGNIFICANT CUSTOMERS, AND THE LOSS OF ANY ONE OF OUR SIGNIFICANT CUSTOMERS COULD HARM OUR RESULTS OF OPERATIONS.

Our business is highly dependent on a limited number of significant customers. Our three largest groups of customers are comprised of Bell Canada, Nextel Communications, Inc. ("Nextel") and SBC Communications Inc. ("SBC") and certain of their subsidiaries, each of which accounted for more than 10% of our revenue in fiscal 2003. Aggregate revenue derived from the multiple business arrangements we have with our five largest customer groups accounted for approximately 55% of our revenue in fiscal 2003. SBC has historically been one of our largest shareholders, and, as of September 30, 2004, it beneficially owned approximately 6.3% of our outstanding ordinary shares. The loss of any significant customer or a significant decrease in business from any such customer could harm our results of operations and financial condition.

Although we have received a substantial portion of our revenue from recurring business with established customers, most of our major customers do not have any obligation to purchase additional products or services from us and generally have already acquired fully paid licenses to their installed systems. Therefore, our customers may not continue to purchase new systems, system enhancements or services in amounts similar to previous years or may delay implementation of committed projects, each of which could reduce our revenues and profits.

OUR FUTURE SUCCESS WILL DEPEND ON OUR ABILITY TO DEVELOP LONG-TERM RELATIONSHIPS WITH OUR CUSTOMERS AND TO MEET THEIR EXPECTATIONS IN PROVIDING PRODUCTS AND PERFORMING SERVICES.

We believe that our future success will depend to a significant extent

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on our ability to develop long-term relationships with successful network operators and service providers with the financial and

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other resources required to invest in significant ongoing Integrated Customer Management systems. If we are unable to develop new customer relationships, our business will be harmed. In addition, our business and results of operations depend in part on our ability to provide high quality services to customers that have already implemented our products. If we are unable to meet customers' expectations in providing products or performing services, our business and results of operations could be harmed.

WE MAY BE EXPOSED TO THE CREDIT RISK OF CUSTOMERS THAT HAVE BEEN ADVERSELY AFFECTED BY WEAKENED MARKETS.

We typically sell our software and related services as part of long-term projects. During the life of a project, a customer's budgeting constraints can impact the scope of a project and the customer's ability to make required payments. In addition, the creditworthiness of our customers may deteriorate over time, and we can be adversely affected by bankruptcies or other business failures.

THE SKILLED AND HIGHLY QUALIFIED EMPLOYEES THAT WE NEED TO DEVELOP, IMPLEMENT AND MODIFY OUR SOLUTIONS MAY BE DIFFICULT TO HIRE AND RETAIN, AND IF WE ARE UNABLE TO HIRE AND RETAIN SUCH PERSONNEL, WE COULD FACE INCREASED COSTS TO RETAIN OUR SKILLED EMPLOYEES.

Our business operations depend in large part on our ability to attract, train, motivate and retain highly skilled information technology professionals, software programmers and communications engineers. In addition, our competitive success will depend on our ability to attract and retain other outstanding, highly qualified employees. Although we made reductions in our workforce in fiscal 2002 and in the first quarter of fiscal 2003, we continually need to hire sales, support, technical and other personnel. Because our software products are highly complex and are generally used by our customers to perform critical business functions, we depend heavily on skilled technology professionals. Skilled technology professionals are often in high demand and short supply. If we are unable to hire or retain qualified technology professionals to develop, implement and modify our solutions, we may be unable to meet the needs of our customers. In addition, if we were to obtain several new customers or implement several new large-scale projects in a short period of time, we may need to attract and train additional employees at a rapid rate. We may face difficulties identifying and hiring qualified personnel. Our inability to hire and retain the appropriate personnel could increase our costs of retaining skilled employees and make it difficult for us to manage our operations, to meet our commitments and to compete for new customer contracts.

Our success will also depend, to a certain extent, upon the continued active participation of a relatively small group of senior management personnel. The loss of the services of all or some of these executives could harm our operations and impair our efforts to expand our business.

OUR QUARTERLY OPERATING RESULTS MAY FLUCTUATE, AND A DECLINE IN REVENUE IN ANY QUARTER COULD RESULT IN LOWER PROFITABILITY FOR THAT QUARTER AND FLUCTUATIONS IN THE MARKET PRICE OF OUR ORDINARY SHARES.

We have experienced fluctuations in our quarterly operating results and anticipate that such movement may continue and could intensify. Fluctuations may result from many factors, including:



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- the size and timing of significant customer projects and license fees,
- delays in or cancellations of significant projects by customers,
- changes in operating expenses,
- increased competition,
- changes in our strategy,
- personnel changes,
- foreign currency exchange rate fluctuations, and
- general economic and political conditions.

Generally, our license fee revenue and our service fee revenue relating to customization and modification 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

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to the relatively fixed nature of certain of our costs, a decline of revenue in any quarter could result in lower profitability for that quarter. In addition, fluctuations in our quarterly operating results could cause significant fluctuations in the market price of our ordinary shares.

OUR REVENUE, EARNINGS AND PROFITABILITY ARE IMPACTED BY THE LENGTH OF OUR SALES CYCLE, AND A LONGER SALES CYCLE COULD ADVERSELY AFFECT OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

Our business is directly affected by the length of our sales cycle. 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 procurement procedures within an organization. The purchase of these types of products typically also requires coordination and agreement across many departments within a potential customer's organization. Delays associated with such timing factors could have a material adverse effect on our results of operations and financial condition. In periods of economic slowdown in the communications industry, our typical sales cycle lengthens, which means that the average time between our initial contact with a prospective customer and the signing of a sales contract increases. Beginning in the second half of fiscal 2002, buying decisions of communications providers were often delayed due to adverse conditions in the business environment, and our sales cycle period lengthened as a result. The lengthening of our sales cycle could reduce growth in our revenue in the future. In addition, the lengthening of our sales cycle contributes to an increased cost of sales, thereby reducing our profitability.

IF THE MARKET FOR OUR PRODUCTS DETERIORATES, WE MAY INCUR ADDITIONAL

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### RESTRUCTURING CHARGES.

In an effort to implement long-term cost reduction measures, we reduced our workforce in the fourth quarter of fiscal 2002 and in the first quarter of fiscal 2003 and reallocated certain personnel among different areas of our operations. A reduction in personnel can result in significant severance, administrative and legal expenses and may also adversely affect or delay various sales, marketing and product development programs and activities. Depending on market conditions in the communications industry and our business and financial needs, we may be forced to implement additional restructuring plans to further reduce our costs, which could result in additional restructuring charges. Additional restructuring charges could have a material adverse effect on our financial results.

IF WE FAIL TO SUCCESSFULLY PLAN AND MANAGE CHANGES IN THE SIZE OF OUR OPERATIONS OUR BUSINESS WILL SUFFER.

Over the last several years, we have both grown and contracted our operations in order to profitably offer our products and services in a rapidly changing market. If we are unable to manage these changes and plan and manage any future changes in the size and scope of our operations, our business will suffer.

Our restructurings and cost reduction measures reduced the size of our operations. On February 29, 2004, we employed approximately 9,000 individuals in software and information technology positions, compared to approximately 7,800 on January 31, 2003 and 9,100 on November 30, 2001. Our software and information technology workforce increased in the fourth quarter of fiscal 2003 and first quarter of fiscal 2004, primarily as a result of the Certen acquisition in July 2003 and a Managed Services agreement signed in January 2003. During periods of contraction, we disposed of office space and related obligations in an effort to keep pace with the changing size of our operations. Our recent cost reduction measures included consolidating and/or relocating certain of our operations to different geographic locations. These activities could lead to difficulties and significant expenses related to subleasing or assigning any surplus space. We have accrued the estimated expenses that will result from our restructuring efforts. However, if it is determined that the amount accrued is insufficient, an additional charge could have an unfavorable impact on our consolidated financial statements in the period this was determined.

OUR INTERNATIONAL PRESENCE EXPOSES US TO RISKS ASSOCIATED WITH VARIED AND CHANGING POLITICAL, CULTURAL AND ECONOMIC CONDITIONS WORLDWIDE.

We are affected by risks associated with conducting business internationally. 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 is derived from customers in North America and Europe, we obtain

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significant revenue from customers in the Asia-Pacific region and Latin America. Our strategy is to continue to broaden our North American and European customer base and to expand into new international markets. Conducting business internationally exposes us 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,

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- 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, which could harm our results of operations and financial condition.

POLITICAL AND ECONOMIC CONDITIONS IN THE MIDDLE EAST MAY ADVERSELY AFFECT OUR BUSINESS AND OUR DEVELOPMENT FACILITY IN CYPRUS MAY BE ADVERSELY AFFECTED BY POLITICAL CONDITIONS IN THAT COUNTRY.

Of the five development centers we maintain worldwide, our largest development center is located in five different sites throughout Israel. Approximately half of our employees are located in Israel. As a result, we are directly influenced by the political, economic and military conditions affecting Israel and its neighboring region. Any major hostilities involving Israel could have a material adverse effect on our business. We have developed contingency plans to provide ongoing services to our customers in the event political or military conditions disrupt our normal operations. These plans include the transfer of some development operations within Israel to various of our other sites both within and outside of Israel. If we have to implement these plans, our operations would be disrupted and we would incur significant additional expenditures, which would adversely affect our business and results of operations.

While Israel has entered into peace agreements with both Egypt and Jordan, Israel has not entered into peace arrangements with any other neighboring countries. Over the past three years there has been a significant deterioration in Israel's relationship with the Palestinian Authority and a related increase in violence. Efforts to resolve the problem have failed to result in an agreeable solution. Continued violence between the Palestinian community and Israel may have a material adverse effect on our business. Further deterioration of relations with the Palestinian Authority might require more military reserve service by some of our employees, which may have a material adverse effect on our business.

In addition, our development facility in Cyprus may be adversely affected by political conditions in that country. As a result of intercommunal strife between the Greek and Turkish communities, Turkish troops invaded Cyprus in 1974 and continue to occupy approximately 40% of the island. Although Cyprus recently joined the European Union, intensive discussions facilitated by the United Nations, the European Union and the United States have not resulted in an agreed-upon plan of reunification for Cyprus. Any major hostilities between Cyprus and Turkey or the failure of the parties to finalize a peaceful resolution may have a material adverse effect on our development facility in Cyprus.

OUR INTERNATIONAL OPERATIONS EXPOSE US TO RISKS ASSOCIATED WITH FLUCTUATIONS IN FOREIGN CURRENCY EXCHANGE RATES THAT COULD ADVERSELY AFFECT OUR BUSINESS.

Although approximately half of our employees are located in Israel and we have operations throughout the world, the majority of our revenues and costs are denominated in, or linked to, the U.S. dollar. Accordingly, we consider the U.S. dollar to be our functional currency. However, a significant portion of our operating costs is incurred outside the United States in other currencies. 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 outside of the United States, as expressed in dollars, could be adversely affected by the extent to which any increase in the rate of inflation in a particular country is not offset (or is offset with a time delay) by a devaluation of the local currency in relation to the dollar. As a result of this differential, from time to time we may experience increases in the costs of our operations outside the United States, as expressed in dollars, which could have a material adverse effect on our results of operations and financial condition.

In addition, a portion of our revenue (approximately 20% in fiscal 2003) is not incurred in dollars or linked to the dollar, and, therefore, fluctuations in exchange rates between the currencies in which such revenue is incurred and the dollar may have a material effect on our results of operations and financial condition. If more of our customers seek contracts that are denominated in currencies such as the euro and not the dollar, our exposure to fluctuations in currency exchange rates could increase.

Generally, the effects of fluctuations in foreign currency exchange rates are mitigated by the fact that the majority of our revenue and operating costs is in dollars or linked to the dollar and we generally hedge our currency exposure on both a short-term and long-term basis with respect to expected revenue and operating costs. However, we cannot assure you that we will be able to effectively limit all of our exposure to currency exchange rate fluctuations.

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.

IF WE ARE UNABLE TO PROTECT OUR PROPRIETARY TECHNOLOGY FROM MISAPPROPRIATION, OUR BUSINESS MAY BE HARMED.

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, 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, subcontractors, customers and potential customers and limit access to, and distribution of, our proprietary information.

The steps we have taken to protect our proprietary rights may be inadequate. If so, we might not be able to prevent others from using what we regard as our technology to compete with us. Existing trade secret, copyright and trademark laws offer only limited protection. In addition, the laws of some foreign countries do not protect our proprietary technology or allow enforcement of confidentiality covenants to the same extent as the laws of the United

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States. There is also the risk that 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, protracted 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 complaints 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 increases and overlaps occur. Any claim of infringement by a third party could cause us to incur substantial costs

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defending against the claim, and could distract our management from our business. Furthermore, a party making such a claim, if successful, 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 or offering our services, or prevent a customer from continuing to use our products. Any of these events could seriously harm our business.

If anyone asserts a claim against us relating to proprietary technology or information, while we might seek to license their intellectual property, we might not be able to obtain a license on commercially reasonable terms or on any terms. In addition, any 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.

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.

Because 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, for which we may be held responsible. 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 and in all jurisdictions. In addition, as a result of business and other considerations, we may undertake to compensate our customers for damages caused to them arising from the use of our products, even if our liability is limited by a license or other agreement. Claims and liabilities arising from customer problems could also damage our reputation, adversely affecting our business, results of operations and financial condition and the ability to obtain "Errors and Omissions" insurance.

SYSTEM DISRUPTIONS AND FAILURES MAY RESULT IN CUSTOMER DISSATISFACTION, CUSTOMER LOSS OR BOTH, WHICH COULD MATERIALLY AND ADVERSELY AFFECT OUR

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### REPUTATION AND BUSINESS.

Our Integrated Customer Management systems are an integral part of our customers' business operations. The continued and uninterrupted performance of these systems is critical to our success. Customers may become dissatisfied by any system failure that interrupts our ability to provide services to them. Sustained or repeated system failures would reduce the attractiveness of our services significantly, and could result in decreased demand for our products and services.

Our Managed Services include a combination of services, such as system modernization and consolidation, management and operation of data centers, purchase and management of related hardware assets, billing operations and application support. Our ability to perform Managed Services depends on our ability to protect our computer systems against damage from fire, power loss, water damage, telecommunications failures, earthquake, terrorism attack, vandalism and similar unexpected adverse events. Despite our efforts to implement network security measures, our systems are also vulnerable to computer viruses, break-ins and similar disruptions from unauthorized tampering. We do not carry enough business interruption insurance to compensate for any significant losses that may occur as a result of any of these events.

We have experienced systems outages and service interruptions in the past. We expect to experience additional outages in the future. To date, these outages have not had a material adverse effect on us. However, in the future, a prolonged system-wide outage or frequent outages could cause harm to our reputation and could cause our customers to make claims against us for damages allegedly resulting

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from an outage or interruption. Any damage or failure that interrupts or delays our operations could result in material harm to our business and expose us to material liabilities.

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

There can be no assurance that our effective tax rate of 25% for the year ended September 30, 2003 will not change over time as a result of changes in corporate income tax rates or other changes in the tax laws of the various countries in which we operate. We have benefited or currently benefit from a variety of government programs and tax benefits that generally carry conditions that we must meet in order to be eligible to obtain any benefit.

For example, the government of Cyprus has issued a permit to our Cypriot subsidiary pursuant to which its activities are deemed to be offshore activities for Cypriot tax purposes, resulting in an effective tax rate in Cyprus of 4.25%. Our Irish subsidiary entered into an agreement with the Irish Industrial Development Agency by which it qualified for certain job creation grants and, consequently, certain of its activities were deemed to be manufacturing activities for Irish tax purposes, resulting in a corporation tax rate of 10% until December 31, 2002 with respect to such manufacturing activities. Beginning January 1, 2003, our Irish subsidiary became subject to a single corporation tax rate of 12.5%. Israeli companies are generally subject to a company tax of 36% of taxable income, however, certain production and development facilities of our Israeli subsidiary have been granted a status that allows for taxation at a rate of 25% or lower. The status by which these facilities enjoy reduced taxation is subject to certain time limitations.

If we fail to meet the conditions upon which certain favorable tax

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treatment are based, 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 effect 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,
- 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 recognized tax benefits if we are found to be in violation of the stipulated conditions.

WE ARE CURRENTLY A PARTY TO SECURITIES LITIGATION CLASS ACTION LAWSUITS AND A SECURITIES EXCHANGE COMMISSION INVESTIGATION, WHICH COULD NEGATIVELY AFFECT OUR BUSINESS AND RESULTS OF OPERATIONS.

Beginning in June 2002, a number of complaints were filed by holders of our ordinary shares against Amdocs and certain of our officers and directors in the United States District Court for the Eastern District of Missouri and the Southern District of New York. The cases were transferred to and consolidated in the Eastern District of Missouri. The consolidated amended complaint filed in the action alleged that Amdocs and the individual defendants had made false or misleading statements about our business and future prospects during a putative class period between July 18, 2000 and June 20, 2002. On December 1, 2003, the court issued an order granting our motion to dismiss the securities class action lawsuits and directing that judgment be entered in favor of the defendants. On December 29, 2003, the lead plaintiffs appealed to the United States Court of Appeals for the Eighth Circuit from the final judgment entered on December 1, 2003. The litigation has been, and may continue to be, time-consuming and costly and could divert the attention of our management personnel. These lawsuits or any future lawsuits filed against us could harm our business.

In addition, we have been informed that the Midwest Regional Office of the SEC is conducting a private investigation into the events leading up to our announcement in June 2002 of revised projected revenue for the third and fourth quarters of fiscal 2002. The investigation appears to be focused on, but is not explicitly limited to, our forecasting beginning with our April 23, 2002 press release. Although we believe that we will be able to satisfy any concerns the SEC staff may have in this regard, we are unable to predict the duration, scope or outcome of the investigation. We are cooperating fully with the SEC staff. At a minimum, this investigation may divert the attention of our management and other resources that would otherwise be engaged in operating our business.

IT MAY BE DIFFICULT FOR OUR SHAREHOLDERS TO ENFORCE ANY JUDGMENT OBTAINED IN THE UNITED STATES AGAINST US, THE SELLING SECURITYHOLDERS OR OUR AFFILIATES.

We are incorporated under the laws of the Island of Guernsey and several of our directors and executive officers are not residents of the United States. A significant portion of our assets and the assets of those persons are located outside the United States. Additionally, we believe that some of the

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selling securityholders who are participating in this offering reside outside the United States. As a result, it may not be possible for investors to effect service of process upon us within the United States or upon such persons outside their jurisdiction of residence. Also, we have been advised that there is doubt as to the enforceability in Guernsey of judgments of the U.S. courts of civil liabilities predicated solely upon the laws of the United States, including the federal securities laws. See the "Enforceability of Civil Liabilities" section of this prospectus.

### RISKS RELATED TO OUR CAPITAL STRUCTURE

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

The market price of our ordinary shares has fluctuated widely and may continue to do so. During fiscal year 2004, our ordinary shares traded as high as \$30.69 per share and as low as \$18.08 per share. During fiscal year 2003, our ordinary shares traded as high as \$27.25 per share and as low as \$5.85 per share.

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Our ordinary shares traded as high as \$39.25 per share and as low as \$6.10 per share in fiscal 2002 and as high as \$80.50 per share and as low as \$25.85 per share in fiscal 2001. As of November 15, 2004, the closing price of our ordinary shares was \$26.78 per share. Many factors could cause the market price of our ordinary shares to rise and fall, including:

- market conditions in the industry and the economy as a whole,
- variations in our quarterly operating results,
- announcements of technological innovations by us or our competitors,
- introductions of new products or new pricing policies by us or our competitors,
- trends in the communications or software industries,
- acquisitions or strategic alliances by us or others in our industry,
- changes in estimates of our performance or recommendations by financial analysts, and
- political developments in the Middle East.

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

### RISKS RELATED TO THE NOTES

THE NOTES ARE EFFECTIVELY SUBORDINATED TO THE DEBT AND OTHER LIABILITIES OF OUR SUBSIDIARIES.



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We are a holding company for the various subsidiaries that conduct our business on a worldwide basis. The notes are obligations exclusively of our company and are not guaranteed by our subsidiaries. The notes are unsecured and effectively subordinated to the liabilities, including trade payables, of our subsidiaries. Neither we nor our subsidiaries are prohibited from incurring debt under the indenture, including senior indebtedness. If we or our subsidiaries were to incur additional debt or liabilities, our ability to pay our obligations on the notes could be adversely affected. As of June 30, 2004, our subsidiaries had liabilities of approximately \$964.7 million. We may from time to time incur additional debt. Our subsidiaries may also from time to time incur other additional debt and liabilities. The notes

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are also effectively subordinated to any secured obligations to the extent of the value of the assets securing such obligations. See "Description of Notes."

WE ARE DEPENDENT UPON OUR SUBSIDIARIES TO SERVICE OUR DEBT.

Our assets consist primarily of the capital stock or other equity interests of our operating subsidiaries. Consequently, our cash flow and ability to service debt obligations, including the notes, are dependent upon the earnings of our subsidiaries and the distribution of those earnings to us, or upon loans, advances or other payments made by the subsidiaries to us. The ability of our subsidiaries to pay dividends or make other payments or advances to us will depend upon their operating results and will be subject to applicable laws and contractual restrictions contained in any instruments governing their indebtedness. We cannot be certain that payments from our subsidiaries will be adequate to service our debt obligations, including the notes.

WE MAY NOT HAVE THE FUNDS NECESSARY TO FINANCE THE REPURCHASE OF THE NOTES OR MAY OTHERWISE BE RESTRICTED FROM MAKING SUCH REPURCHASE IF REQUIRED BY HOLDERS PURSUANT TO THE INDENTURE.

On March 15, 2009, 2014 and 2019, or at any time prior to maturity following a "designated event" under the indenture, holders may require us to repurchase their notes at a price of 100% of the principal amount of the notes, plus accrued and unpaid interest to the repurchase date. However, it is possible that we will not have sufficient funds available at such time to make the required repurchase of notes. In addition, any future credit agreements or other agreements relating to our indebtedness could contain provisions prohibiting the repurchase of the notes under certain circumstances, or could provide that a designated event constitutes an event of default under that agreement. If any agreement governing our indebtedness prohibits or otherwise restricts us from repurchasing the notes when we become obligated to do so, we could seek the consent of the lenders to repurchase the notes or attempt to refinance this debt. If we do not obtain such a consent or refinance the indebtedness, we would not be permitted to repurchase the notes without potentially causing a default under this indebtedness. Our failure to repurchase tendered notes would constitute an event of default under the indenture, which might constitute a default under the terms of our other indebtedness.

THE INDEBTEDNESS CREATED BY THE NOTES, AND ANY FUTURE INDEBTEDNESS, COULD ADVERSELY AFFECT OUR BUSINESS AND OUR ABILITY TO MAKE FULL PAYMENT ON THE NOTES.

Our aggregate level of indebtedness increased as a result of the sale by us of the notes to the initial purchasers. As of June 30, 2004, we had \$481.5 million of outstanding indebtedness and cash and short term investments of \$1.2 billion.

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We may obtain additional long-term debt and lines of credit to meet future financing needs, which would have the effect of increasing our total leverage. Any increase in our leverage could have significant negative consequences, including:

- increasing our vulnerability to adverse economic and industry conditions,
- limiting our ability to obtain additional financing,
- limiting our ability to make acquisitions,

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- requiring the dedication of a substantial portion of our cash flow from operations to service our indebtedness, thereby reducing the amount of our cash flow available for other purposes, including capital expenditures,
- limiting our flexibility in planning for, or reacting to, changes in our business and the industries in which we compete, and
- placing us at a possible competitive disadvantage with less leveraged competitors and competitors that may have better access to capital resources.

Our ability to satisfy our future obligations, including debt service on the notes, depends on our future operating performance and on economic, financial, competitive and other factors beyond our control. Our business may not generate sufficient cash flow to meet these obligations or to successfully execute our business strategy. If we are unable to service our debt and fund our business, we may be forced to reduce or delay capital expenditures, seek additional financing or equity capital, restructure or refinance our debt or sell assets. We cannot assure you that we would be able to obtain additional financing or refinance existing debt or sell assets on terms acceptable to us or at all.

OUR MANAGEMENT WILL HAVE BROAD DISCRETION TO ALLOCATE THE PROCEEDS FROM THE SALE OF THE NOTES TO THE INITIAL PURCHASERS, WHICH MAY RESULT IN DECISIONS THAT NEGATIVELY AFFECT THE MARKET PRICE OF THE NOTES AND OUR ORDINARY SHARES.

Our management will have broad discretion to allocate the proceeds from the sale of the notes to the initial purchasers and to determine the timing and nature of expenditures. The allocation of proceeds from the sale of the notes to the initial purchasers could have a negative effect on the trading prices of the notes or our ordinary shares. We used approximately \$170.1 million of the net proceeds from the sale of the notes to the initial purchasers to purchase ordinary shares sold short by purchasers of the notes in negotiated transactions concurrently with the note offering. We intend to use the balance of the net proceeds for general corporate purposes, including working capital and capital expenditures, as well as for future possible strategic opportunities, including acquisitions. We are not currently able to estimate the allocation of the proceeds or timing of the expenditures.

A PUBLIC MARKET MAY NOT DEVELOP FOR THE NOTES.

The notes are a new issue of securities for which there is currently no public market. The initial purchasers have advised us that they currently intend to make a market in the notes. However, the initial purchasers are not obligated to make a market and may discontinue this market making activity at any time

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without notice. In addition, market making activity by the initial purchasers will be subject to the limits imposed by the federal securities laws. As a result, we cannot assure you that any market for the notes will develop or, if one does develop, that it will be maintained. Historically, the market for convertible debt has been subject to disruptions that have caused volatility in the prices of securities similar to the notes. If an active market for the notes fails to develop or be sustained, the trading price of the notes could be materially and adversely affected.

THE TRADING PRICES OF THE NOTES COULD BE SIGNIFICANTLY AFFECTED BY THE TRADING PRICES OF OUR ORDINARY SHARES.

We expect that the trading prices of the notes in the secondary market will be significantly affected by the trading prices of our ordinary shares. It is impossible to predict whether the price of our ordinary shares will rise or fall. Trading prices of our ordinary shares will be influenced by our operating results and prospects and by economic, financial and other factors. In addition, general market conditions, including the level of, and fluctuations in, the trading prices of stocks generally, and sales of

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substantial amounts of ordinary shares by us in the market after the offering of the notes, or the perception that such sales may occur, could affect the price of our ordinary shares.

THE CONDITIONAL CONVERSION FEATURE OF THE NOTES COULD RESULT IN YOUR NOT RECEIVING THE VALUE OF THE ORDINARY SHARES INTO WHICH THE NOTES ARE CONVERTIBLE.

The notes are convertible into ordinary shares only if specific conditions are met. If the specific conditions for conversion are not met, you may not be able to receive the value of the ordinary shares into which your notes would otherwise be convertible.

THE CONVERSION RATE OF THE NOTES MAY NOT BE ADJUSTED FOR ALL DILUTIVE EVENTS.

The conversion rate of the notes is subject to adjustment for certain events including, but not limited to, the issuance of stock dividends on our ordinary shares, the issuance of certain rights or warrants, subdivisions or combinations of our ordinary shares, certain distributions of assets, debt securities, capital stock or cash to holders of our ordinary shares and certain issuer tender or exchange offers as described under "Description of Notes--Conversion of Notes--Conversion Rate Adjustments." The conversion rate will not be adjusted for other events, such as an issuance of ordinary shares for cash, that may adversely affect the trading price of the notes or the ordinary shares. There can be no assurance that an event that adversely affects the value of the notes, but does not result in an adjustment to the conversion rate, will not occur.

CONVERSION OF THE NOTES WILL DILUTE THE OWNERSHIP INTEREST OF EXISTING SHAREHOLDERS, INCLUDING HOLDERS WHO HAD PREVIOUSLY CONVERTED THEIR NOTES.

The conversion of some or all of the notes will dilute the ownership interests of existing shareholders. Any sales in the public market of the ordinary shares issuable upon such conversion could adversely affect prevailing market prices of our ordinary shares. In addition, the existence of the notes may encourage short selling by market participants because the conversion of the notes could depress the price of our ordinary shares.

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IF YOU HOLD NOTES, YOU WILL NOT BE ENTITLED TO ANY RIGHTS WITH RESPECT TO OUR ORDINARY SHARES, BUT YOU WILL BE SUBJECT TO ALL CHANGES MADE WITH RESPECT TO OUR ORDINARY SHARES.

If you hold notes, you will not be entitled to any rights with respect to our ordinary shares (including, without limitation, voting rights and rights to receive any dividends or other distributions on our ordinary shares), but you will be subject to all changes affecting the ordinary shares. You will have rights with respect to our ordinary shares only if and when we deliver shares of ordinary shares to you upon conversion of your notes and, in limited cases, under the conversion rate adjustments applicable to the notes. For example, in the event that an amendment is proposed to our Articles of Association requiring shareholder approval and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to delivery of ordinary shares to you, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or special rights of our ordinary shares.

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### SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

In addition to historical information, this prospectus contains forward-looking statements (within the meaning of the United States federal securities laws) that involve substantial risks and uncertainties. You can identify these forward-looking statements by words such as "expect," "anticipate," "believe," "seek," "estimate," "project," "forecast," "continue," "potential," "should," "would," "could" and "may," and other words that convey uncertainty of future events or outcome. Statements that we make that are not statements of historical fact also may be forward-looking statements. Statements regarding our future business and/or results, including, without limitation, the statements under the captions "Summary," "Risk Factors," and "Operating and Financial Review and Prospects for the Three and Nine Month Periods Ended June 30, 2004" include certain projections and business trends that are forward-looking. Forward-looking statements are not guarantees of future performance, and involve risks, uncertainties and assumptions that may cause our actual results to differ materially from the expectations that 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, except where applicable law may otherwise require us to do so.

Important factors that may affect these projections or expectations include, but are not limited to: changes in the overall economy; changes in competition in markets in which we operate; changes in the demand for our products and services; consolidation within the industries in which our customers operate; the loss of a significant customer; changes in the telecommunications regulatory environment; changes in technology that impact both the markets we serve and the types of products and services we offer; financial difficulties of our customers; losses of key personnel; difficulties in completing or integrating acquisitions; litigation and regulatory proceedings; and acts of war or terrorism. For a discussion of these important factors, please read the information set forth above under the caption "Risk Factors."

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### OFFERING STATISTICS AND TIMETABLE

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The \$450,000,000 aggregate principal of notes and the 10,435,995 ordinary shares issuable upon conversion of the notes are being sold by the selling securityholders listed under the caption "Selling Securityholders" beginning on page 54. The offer will be open until the earlier of (1) the date there are no longer any registrable securities and (2) the date on which all of the securities being offered hereby held by persons that are not our affiliates can be sold under Rule 144(k) under the Securities Act of 1933, referred to herein as the Securities Act, whichever occurs first.

### REASONS FOR THE OFFER AND USE OF PROCEEDS

This prospectus relates to the resale by the selling securityholders from time to time of up to \$450,000,000 aggregate principal of notes and the 10,435,995 ordinary shares issuable upon conversion of the notes. We will not receive any proceeds from the sale by the selling securityholders of the notes or the ordinary shares issuable upon conversion of the notes.

### DIVIDEND POLICY

We have not paid cash dividends since 1998, and we do not anticipate paying cash dividends on our ordinary shares in the foreseeable future. We currently intend to retain our earnings to finance the development of our business. Any future dividend policy will be determined by our Board of Directors based upon conditions then existing, including our earnings, financial condition and capital requirements, as well as such economic and other conditions as the Board of Directors may deem relevant. In addition, future agreements under which we or any of our subsidiaries may incur indebtedness may contain limitations on our ability to pay cash dividends.

### MATERIAL CHANGES

We used approximately \$170.1 million of the net proceeds from the sale of the 0.50% Notes to repurchase approximately 6.1 million of ordinary shares sold short by purchasers of the 0.50% Notes in negotiated transactions concurrently with the offering. We intend to use the balance of the net proceeds for general corporate purposes, including working capital and capital expenditures, as well as for future possible strategic opportunities, including acquisitions. We also used net proceeds from the sale of the notes and other cash resources to repurchase approximately \$395.1 million in aggregate principal amount of the 2% Notes through a cash tender offer that we announced on May 3, 2004 and which expired on June 1, 2004. The untendered principal amount of 2% Notes remain as obligations of the Company, due June 1, 2008, in accordance with their terms.

On November 5, 2003, we announced that our Board of Directors had authorized a share repurchase program of up to five million ordinary shares over the next twelve months. The authorization permitted us to purchase ordinary shares in open market or privately negotiated transactions and at prices we deemed appropriate. We stated that one of the main purposes of the repurchase program was to offset the dilutive effect of any future share issuances, including issuances in connection with acquisitions or pursuant to employee equity plans. In accordance with this program, as of December 22, 2003, we had repurchased approximately 5.0 million ordinary shares, at an average price of \$24.82 per share.

On July 28, 2004, we announced that our Board of Directors had extended the share repurchase program for the additional repurchase of up to \$100 million of our ordinary shares in open market or privately negotiated transactions and at times and prices we deem appropriate. In accordance with this extension, we repurchased approximately 4.9 million ordinary shares, at an average price of

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\$20.40 per share.

Pursuant to a previous share repurchase program, in fiscal 2002 we purchased 7.7 million of our ordinary share at a weighted average price of \$14.13 per share.

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### THE OFFER AND LISTING

#### MARKET INFORMATION

Our ordinary shares have been quoted on the NYSE since June 19, 1998, under the symbol "DOX." The following table sets forth the high and low reported sale prices for our ordinary shares for the periods indicated:

	HIGH ----	LOW ---
FISCAL YEAR ENDED SEPTEMBER 30,		
2000 .....	\$ 96.00	\$ 19.81
2001 .....	\$ 80.50	\$ 25.85
2002 .....	\$ 39.25	\$ 6.10
2003 .....	\$ 27.25	\$ 5.85
2004.....	\$ 30.69	\$ 18.08
QUARTER		
Fiscal 2002:		
First Quarter .....	\$ 35.90	\$ 24.00
Second Quarter .....	\$ 39.25	\$ 23.60
Third Quarter .....	\$ 26.27	\$ 6.62
Fourth Quarter .....	\$ 9.65	\$ 6.10
Fiscal 2003:		
First Quarter .....	\$ 11.98	\$ 5.85
Second Quarter .....	\$ 13.95	\$ 9.86
Third Quarter .....	\$ 25.01	\$ 13.25
Fourth Quarter .....	\$ 27.25	\$ 18.55
Fiscal 2004:		
First Quarter .....	\$ 27.10	\$ 18.90
Second Quarter .....	\$ 29.74	\$ 22.17
Third Quarter .....	\$ 30.69	\$ 22.65
Fourth Quarter .....	\$ 24.00	\$ 18.08
Fiscal 2005:		
First Quarter (through November 15, 2004).....	\$ 27.25	\$ 20.70
Most Recent Six Months		
May, 2004.....	\$ 28.67	\$ 23.62
June, 2004.....	\$ 25.95	\$ 22.65
July, 2004.....	\$ 24.00	\$ 19.75
August, 2004.....	\$ 22.40	\$ 18.08
September, 2004.....	\$ 23.20	\$ 20.01
October, 2004.....	\$ 25.40	\$ 26.50

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As of September 30, 2004, we had 201,334,057 ordinary shares outstanding and there were approximately 240 holders of record of our ordinary shares. This figure does not reflect persons or entities who hold their ordinary shares in nominee or "street" name through various brokerage firms.

On November 15, 2004, the last reported sale price of our ordinary shares on the NYSE was \$26.78.

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### EXPENSES OF THE ISSUE

The selling securityholders will pay any underwriting discounts and commissions and expenses incurred by them for brokerage, accounting, tax or legal services or any other expenses incurred by the selling securityholders in disposing of the shares. We will bear all other costs, fees and expenses incurred in effecting the registration of the shares covered by this prospectus, including, without limitation, all registration and filing fees, NYSE listing fees and fees and expenses of our counsel and our accountants. The following table sets forth the various expenses expected to be incurred by us in connection with the sale and distribution of the securities being registered hereby. All amounts shown are estimates except the Securities and Exchange Commission registration fee.

Filing Fee - Securities and Exchange Commission .....	\$ 57,015
Legal fees and expenses.....	\$ 75,000
Registrar and Transfer agent fees and expenses.....	\$ 5,000
Accounting fees and expenses.....	\$ 20,000
Printing, EDGAR formatting and mailing expenses.....	\$ 25,000
Miscellaneous expenses.....	\$ 10,000
	-----
Total Expenses.....	\$ 192,015
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### CAPITALIZATION

The following table sets forth our unaudited actual consolidated capitalization as of June 30, 2004.

You should read this table in conjunction with "Operating and Financial Review and Prospects," our consolidated financial statements and related footnotes and the other financial information included in our reports filed with the SEC and incorporated by reference in this prospectus.

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Short-term portion of capital lease obligations - secured and unguaranteed.....	\$
Short-term portion of capital lease obligation - secured and guaranteed.....	
Capital lease obligations, less current portion - secured and unguaranteed.....	
Short-term portion of financing arrangements - unsecured and unguaranteed.....	
2% Convertible Notes due 2008.....	
0.50% Convertible Senior Notes due 2024 unsecured and unguaranteed.....	
Total indebtedness.....	
Shareholders' equity:	
Preferred Shares - Authorized 25,000 shares; (pound)0.01 par value;	
0 shares issued and outstanding.....	
Ordinary Shares - Authorized 550,000 shares; (pound)0.01 par value;	
224,854 issued and 206,135 outstanding(1).....	
Additional paid-in capital.....	1
Treasury Stock, at cost - 18,719 ordinary shares. ....	
Accumulated other comprehensive loss.....	
Unearned compensation.....	
Retained earnings.....	
Total shareholders' equity.....	1
Total capitalization.....	\$1
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(1) Reflects ordinary shares issued and outstanding as of June 30, 2004. Does not include 25,969 ordinary shares reserved for issuance upon the exercise of stock options that have been granted under our stock option plan and by companies we have acquired. As of September 30, 2004, there were 201,334,057 ordinary shares outstanding.

DESCRIPTION OF NOTES

We issued the notes under an indenture dated as of March 5, 2004, between Amdocs, as issuer, and The Bank of New York, as trustee. The notes and the ordinary shares issuable upon conversion of the notes are covered by a registration rights agreement. You may request a copy of the indenture and the registration rights agreement from the trustee. We have also filed the indenture and the registration rights agreement with the SEC. See "Incorporation of Documents by Reference" and "Where You Can Find More Information."

The following description is a summary of the material provisions of the notes, the indenture and the registration rights agreement. It does not purport to be complete. This summary is subject to and is qualified by reference to all the provisions of the indenture, including the definitions of certain terms used in the indenture, and to all the provisions of the registration rights agreement, including the definitions of certain terms in the registration rights agreement. Wherever particular provisions or defined terms of the indenture, form of note or registration rights agreement are referred to, these provisions or defined terms are incorporated in this prospectus by reference. We



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urge you to read the indenture and the registration rights agreement because they and not this description define your rights as a holder of notes and with respect to your registration rights as a holder of ordinary shares.

As used in this "Description of Notes" section, references to "Amdocs," "we," "our" or "us" refer solely to Amdocs Limited and not to our subsidiaries, unless the context otherwise requires.

### GENERAL

The notes are senior unsecured debt of Amdocs and rank on a parity with all of our other existing and future senior unsecured debt, including the 2% Notes, and prior to all of our existing and future subordinated debt. The notes are not obligations of or guaranteed by any of our subsidiaries. The notes are convertible into ordinary shares as described under "--Conversion of Notes."

The notes initially will be limited to \$450.0 million aggregate principal amount. The notes were issued in denominations of \$1,000 and multiples of \$1,000. We use the term "note" in this prospectus to refer to each \$1,000 principal amount of notes. The notes will mature on March 15, 2024, unless earlier converted, redeemed or repurchased.

We may, without the consent of the holders, reopen the indenture and issue additional notes under the indenture with the same terms and with the same CUSIP numbers as the outstanding notes in an unlimited aggregate principal amount, provided that no such additional notes may be issued unless fungible with the outstanding notes for U.S. federal income tax purposes. Subject to our compliance with applicable laws, we may also from time to time repurchase the notes in open market purchases or negotiated transactions without prior notice to holders.

The notes are obligations of Amdocs, which is a holding company, and not its subsidiaries. Because we derive substantially all of our revenues from our operating subsidiaries and do not have business operations of our own, we are dependent upon the ability of our subsidiaries to provide us with cash, in the form of dividends or intercompany advances, loans or otherwise, to meet our obligations under the notes. Our subsidiaries will have no obligation to pay amounts due on the notes or to make any funds available to us for payment of the notes upon maturity or upon a redemption or repurchase of the notes as described below.

Neither we nor any of our subsidiaries are subject to any financial covenants under the indenture. In addition, neither we nor any of our subsidiaries are restricted under the indenture from paying dividends, incurring debt, whether senior or junior to the notes, or issuing or repurchasing our securities.

You are not afforded protection under the indenture in the event of a highly leveraged transaction or a change in control of us, except to the extent described below under "--Repurchase at Option of the Holder Upon a Designated Event."

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The notes bear interest at an annual rate of 0.50%. Interest is calculated on the basis of a 360-day year consisting of twelve 30-day months and accrues from March 5, 2004, or from the most recent date to which interest has been paid or duly provided for. We will pay interest on March 15 and September 15 of each year, beginning September 15, 2004, to record holders at the close of business on the preceding March 1 and September 1, as the case may be.

We will maintain an office in the Borough of Manhattan, The City of New

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York, where we will pay the principal on the notes and you may present the notes for conversion, registration of transfer or exchange for other denominations, which will initially be an office or agency of the paying agent. The paying agent initially will be the trustee. We may pay interest by check mailed to your address as it appears in the note register, provided that if you are a holder with an aggregate principal amount in excess of \$2.0 million, you will be paid, at your written election, by wire transfer in immediately available funds. However, payments to The Depository Trust Company, New York, New York, which we refer to as DTC, will be made by wire transfer of immediately available funds to the account of DTC or its nominee.

The notes are not subject to a sinking fund provision and are not subject to defeasance or covenant defeasance under the indenture.

### CONVERSION OF NOTES

You may convert any of your notes, in whole or in part, into ordinary shares prior to the close of business on the final maturity date of the notes, subject to prior redemption or repurchase of the notes, only under the following circumstances:

- subject to certain exceptions, upon satisfaction of a market price condition;
- upon satisfaction of a trading price condition;
- upon the occurrence of certain credit ratings events;
- upon notice of redemption; or
- upon the occurrence of specified corporate transactions.

The number of ordinary shares you will receive upon conversion of your notes will be determined by multiplying the number of \$1,000 principal amount notes you convert by the conversion rate on the date of conversion. You may convert your notes in part so long as such part is \$1,000 principal amount or an integral multiple of \$1,000.

If we call notes for redemption, you may convert the notes until the close of business on the business day immediately preceding the redemption date, unless we fail to pay the redemption price. If you have submitted your notes for repurchase upon a designated event, you may convert your notes only if you withdraw your repurchase election. Similarly, if you exercise your option to require us to repurchase your notes other than upon a designated event, those notes may be converted only if you withdraw your election to exercise your option in accordance with the terms of the indenture. Upon conversion of notes, a holder will not receive any cash payment of interest or liquidated damages, if any, except in the circumstances specified in the next paragraph, and such amounts will be forfeited.

Notwithstanding the preceding paragraph, if notes are converted after a record date but prior to the next succeeding interest payment date, holders of such notes at the close of business on the record date will receive the interest payable on such notes on the corresponding interest payment date notwithstanding the conversion. Such notes, upon surrender for conversion, must be accompanied by funds equal to the amount of interest payable on the notes so converted; provided that no such payment need be made (1) if we have specified a redemption date that is after a record date but on or prior to the next interest payment date, (2) if we have specified a repurchase date following a designated event that is after a record date but on or prior to the next succeeding interest payment date or (3) to the extent of any overdue interest at the time of conversion with respect to such note.

CONVERSION UPON SATISFACTION OF MARKET PRICE CONDITION

You may surrender your note for conversion into our ordinary shares prior to the close of business on the maturity date during any fiscal quarter commencing after March 31, 2004, and only during such fiscal quarter if the closing sale price of our ordinary shares exceeds 130% of the then effective conversion price for at least 20 trading days in the 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter.

The "closing sale price" of our ordinary shares on any date means the closing per share sale price (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on such date as reported in composite transactions for the principal United States securities exchange on which our ordinary shares are traded or, if our ordinary shares are not listed on a United States national or regional securities exchange, as reported by the Nasdaq System or by the National Quotation Bureau Incorporated. In the absence of such a quotation, we will determine the closing sale price on the basis we consider appropriate, and such determination shall be conclusive. The "conversion price" as of any day will equal \$1,000 divided by the conversion rate as of such day.

CONVERSION UPON SATISFACTION OF TRADING PRICE CONDITION

You may surrender your notes for conversion into our ordinary shares prior to the close of business on the maturity date during the five business-day period after any five consecutive trading-day period (the "measurement period") in which the "trading price" per \$1,000 principal amount of notes, as determined following a request by a holder of notes in accordance with the procedures described below, for each day of that measurement period was less than 98% of the product of the closing sale price of our ordinary shares and the conversion rate for such date (the "98% Trading Exception"); provided, however, you may not convert your notes in reliance on this provision if on any trading day during such measurement period the closing sale price of our ordinary shares was between 100% and 130% of the then current conversion price of the notes.

The "trading price" of the notes on any date of determination means the average of the secondary market bid quotations obtained by the trustee for \$10,000,000 principal amount of the notes at approximately 3:30 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers we select; provided that if three such bids cannot reasonably be obtained by the trustee, but two such bids are obtained, then the average of the two bids shall be used, and if only one such bid can reasonably be obtained by the trustee, that one bid shall be used. If the trustee cannot reasonably obtain at least one bid for \$10,000,000 principal amount of the notes from a nationally recognized securities dealer, then the trading price per \$1,000 principal amount of notes will be deemed to be less than 98% of the product of the "closing sale price" of our ordinary shares and the conversion rate.

In connection with any conversion upon satisfaction of the above trading pricing condition, the trustee shall have no obligation to determine the trading price of the notes unless we have requested such determination; and we shall have no obligation to make such request unless a holder provides us with reasonable evidence that the trading price per \$1,000 principal amount of notes would be less than 98% of the product of the closing sale price of our ordinary shares and the conversion rate. At such time, we shall instruct the trustee to determine the trading price of the notes beginning on the next trading day and

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on each successive trading day until the trading price per \$1,000 principal amount of notes is greater than or equal to 98% of the product of the closing sale price of our ordinary shares and the conversion rate.

### CONVERSION UPON CREDIT RATINGS EVENT

After the earlier of (a) the date the notes are rated by both Standard & Poor's and Moody's and (b) five business days from the date the notes are issued, you may surrender your note for conversion into our ordinary shares prior to close of business on the maturity date during any period in which the credit rating assigned to the notes by Standard & Poor's or Moody's (or any successors to these entities) is "BB-" or "Ba3," respectively, or lower, or if

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either of these rating agencies no longer rates the notes, or if either of these rating agencies suspends or withdraws the rating assigned to the notes, or if the notes are not assigned a rating by both rating agencies.

### CONVERSION UPON NOTICE OF REDEMPTION

If we call notes for redemption, you may convert the notes until the close of business on the business day immediately preceding the redemption date, after which time your right to convert will expire unless we default in the payment of the redemption price.

### CONVERSION UPON SPECIFIED CORPORATE TRANSACTIONS

If we elect to:

- distribute to all holders of our ordinary shares certain rights or warrants entitling them to purchase, for a period expiring within 45 days of the record date for such issuance, our ordinary shares at less than the average of the closing sale prices of our ordinary shares for the 10 trading days preceding the declaration date for such distribution; or
- distribute to all holders of our ordinary shares ordinary shares, assets, debt securities or certain rights to purchase our securities, which distribution has a per share value exceeding 5% of the closing sale price of our ordinary shares on the day preceding the declaration date for such distribution;

we must notify you at least 20 days prior to the ex-dividend date for such distribution. Once we have given such notice, you may surrender your notes for conversion at any time until the earlier of the close of business on the business day prior to the ex-dividend date or any announcement by us that such distribution will not take place. If you will otherwise participate in the distribution without conversion, you will not have the right to convert pursuant to this provision.

In addition, if we are a party to a consolidation, amalgamation, merger, binding share exchange or sale, lease or transfer of all or substantially all of our assets, in each case pursuant to which our ordinary shares would be converted into cash, securities or other property, you may surrender your notes for conversion at any time from and after the date that is 15 days prior to the anticipated effective date of the transaction until and including the date that is 15 days after the actual date of such transaction (or if such consolidation, amalgamation, merger, binding share exchange or sale, lease or transfer also constitutes a designated event, until the repurchase date corresponding to