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

FORM 20-F

[ ] REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM ________ TO ________.

COMMISSION FILE NUMBER 1-14840

AMDOCS LIMITED

(Exact name of registrant as specified in its charter and translation of Registrant's name into English)

ISLAND OF GUERNSEY

(Jurisdiction of incorporation or organization)

SUITE 5, TOWER HILL HOUSE LE BORDAGE
ST. PETER PORT, ISLAND OF GUERNSEY, GY1 3QT CHANNEL ISLANDS
AMDOCS, INC.
1390 TIMBERLAKE MANOR PARKWAY, CHESTERFIELD, MISSOURI 63017

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

TITLE OF EACH CLASS	NAME OF EXCHANGE ON WHICH REGISTERED
Ordinary Shares, par value L0.01	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act.

NONE

(Title of class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

NONE

(Title of class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the Annual Report.

Voting Ordinary Shares, par value L0.01	213,048,394(1)
Non-Voting Ordinary Shares, par value L0.01	2,534,988
(Title of class)	(Number of shares)

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(1) Net of 7,732,500 shares held in treasury and includes 75,828 shares held by shareholders of a company we acquired, which can be exchanged for our voting ordinary shares. Does not include (a) 27,129,090 ordinary shares reserved for issuance upon exercise of options granted under our stock option plan, (b) 562,887 ordinary shares reserved for issuance upon exercise of vested options granted by companies we have acquired, and (c) an aggregate of 4,832,708 ordinary shares reserved for issuance upon conversion of our 2%

Convertible Notes due June 1, 2008. As of September 30, 2002, 2,639,648 ordinary shares remained available for future option grants under our stock option plan.

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

Yes [X]   No [ ]

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

Item 17 [ ]   Item 18 [X]

AMDOCS LIMITED

FORM 20-F

ANNUAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

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PART III

Unless the context otherwise requires, all references in this annual report to "Amdocs", "we", "our", "us" and the "Company" refer to Amdocs Limited and its consolidated subsidiaries and their respective predecessors. References to "dollars" or "$" are to U.S. dollars. Unless otherwise stated, all references to ordinary shares are to both voting and non-voting ordinary shares.

We own or have rights to trademarks or trade names that we use in conjunction with the sale of our products, including, without limitation, each of the following: Amdocs(TM), Ensemble(TM), AmdocsEnabler(TM) and Clarify(TM).

FORWARD LOOKING STATEMENTS

This Annual Report on Form 20-F 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 in this Annual Report that are not statements of historical fact also may be forward-looking statements. 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; and acts of war or terrorism. For a discussion of these important factors, please read the information set forth below under the caption "Risk Factors".

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

SELECTED FINANCIAL DATA

Our historical consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and presented in U.S. dollars. The selected historical consolidated financial information set forth below has been derived from our historical consolidated financial statements for the years presented. Historical information as of and for the five years ended September 30, 2002 is derived from our consolidated financial statements, which have been audited by Ernst & Young LLP, our independent auditors. You should read the information presented below in conjunction with those statements.

The information presented below is qualified by the more detailed historical consolidated financial statements and the discussion under "Operating and Financial Review and Prospects" included elsewhere in this report.

	YEAR ENDED SEPTEMBER 30,				
	2002	2001	2000	1999	1998
	(IN THOUSANDS, EXCEPT PER SHARE DATA)				
STATEMENT OF OPERATIONS DATA:					
Revenue	$1,613,565	$1,533,910	$1,118,320	$626,855	$403,767
Operating income(1)(2)	49,161	159,281	74,124	146,998	84,895
Net (loss) income(1)(2)(3)	(5,061)	66,386	5,978	98,543	30,107
Basic (loss) earnings per share	(0.02)	0.30	0.03	0.50	0.19
Diluted (loss) earnings per share	(0.02)	0.29	0.03	0.49	0.19
Dividends declared per share	--	--	--	--	3.76

	AS OF SEPTEMBER 30,				
	2002	2001	2000	1999	1998
	(IN THOUSANDS)				
BALANCE SHEET DATA:					
Total assets	$2,540,094	$2,624,436	$1,935,085	$430,011	$239,966
Long term obligations 2% Convertible Notes due June 1, 2008(4)	445,054	500,000	--	--	--
Long-term portion of capital lease obligations	15,138	24,779	23,417	17,148	9,215
Shareholders' equity (deficit)(5)(6)(7)	1,416,275	1,512,091	1,430,772	123,737	(21,889)

ORDINARY SHARES ADDITIONAL -------------- --- PAID-IN SHARES AMOUNT CAPITAL TREASURY STOCK ------- ------ ---------- -------------- (IN THOUSANDS) STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY DATA: Balance as of September 30, 1998.............. 196,800 $3,149 $ 447,503 $ -- Issuance of ordinary shares(5)............... 2,000 32 41,352 -- Stock options granted, net of forfeitures.... -- -- 244 -- ------- ---- -- ---------- --------- Balance as of September 30, 1999.............. 198,800 3,181 489,099 -- Issuance of ordinary shares related to acquisitions, net(6)...................... 20,307 325 1,263,330 -- Employee stock options exercised............ 2,058 33 21,327 -- Tax benefit of stock options exercised....... -- -- 10,825 -- Stock options granted........................ - - -- 235 -- ------- ------ ---------- --- ------ Balance as of September 30, 2000.............. 221,165 3,539 1,784,816 -- Employee stock options exercised............ 1,463 21 13,946 -- Tax benefit of stock options exercised....... -- -- 7,345 -- Stock options granted........................ - - -- 183 -- ------- ------ ---------- --- ------ Balance as of September 30, 2001.............. 222,628 3,560 1,806,290 -- Employee stock options exercised............ 687 12 5,149 -- Tax benefit of stock options exercised....... -- -- 6,808 -- Expense related to vesting of stock options.................................. -- -- 98 -- Repurchase of shares(7)...................... (7,732) - - -- (109,281) ------- ------ ---------- --------- Balance as of September 30, 2002.............. 215,583 $3,572 $1,818,345 $(109,281) ======= ====== ========== =========

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(1) In fiscal 2000, we recorded nonrecurring acquisition-related charges of $75,617, relating to our acquisitions of International Telecommunication Data Systems, Inc. ("ITDS") in November 1999 and Solect Technology Group Inc. ("Solect") in April 2000, in stock-for-stock transactions. The aggregate charges related to the ITDS transaction were $19,876 and were incurred by us in the first quarter of fiscal 2000. The aggregate charges related to the Solect transaction were $55,741 and were incurred by us in the third quarter of fiscal 2000. These charges included write-offs of purchased in-process research and development and other indirect acquisition-related costs.

(2) In the first quarter of fiscal 2002, we recorded nonrecurring acquisition-related charges of in-process research and development of $17,400, relating to our acquisition from Nortel Networks Corporation of substantially all of the assets of its Clarify business ("Clarify") for cash. We also recorded restructuring charges of $13,311 relating to the consolidation of our Stamford, Connecticut data center into our Champaign, Illinois facility, and the resulting closure of the Stamford facility. In the fourth quarter of fiscal 2002, we recorded restructuring charges of $20,919 relating to our cost reduction program.

(3) In the fourth quarter of fiscal 2002, we recorded a gain of $6,012 relating to the repurchase of a portion of our convertible notes (see footnote 4 below).

(4) In May 2001, we issued $500,000 aggregate principal amount of 2% Convertible Notes due June 1, 2008 (the "Notes"). On July 23, 2002, our Board of Directors authorized us to repurchase Notes in such amounts, at such prices and at such times considered appropriate. During the fourth quarter of fiscal 2002, we repurchased $54,946 aggregate principal amount of Notes, at an average price of 89% of the principal amount. As of September 30, 2002, $445,054 aggregate principal amount of Notes was outstanding.

(5) We completed a public offering of 2,000 ordinary shares in June 1999. The net proceeds to us from the offering were $41,384.

(6) An aggregate of 7,564 ordinary shares, including shares issuable upon exercise of vested ITDS employee options, were issued in connection with the ITDS acquisition, and an aggregate of 15,500 ordinary shares, including shares issuable upon exercise of vested Solect employee options, were issued in connection with the Solect acquisition.

(7) On November 6, 2001, our Board of Directors approved a twelve-month share repurchase program and authorized us to repurchase our ordinary shares. During fiscal 2002, we repurchased 7,732 ordinary shares, at an average price of $14.13 per share.

RISK FACTORS

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. Over the past year, further slowdowns in customer buying decisions stemming from financial pressure on operating expenses and overall reductions in the capital investment budgets of many communications service providers have led to fewer new contracts than expected, as well as smaller than expected initial spending commitments and reduced discretionary spending under our contracts with some of our customers. These factors, combined with the continuing general economic slowdown, resulted in our achieving lower revenue levels than expected during the second half of fiscal 2002. We expect these adverse economic conditions to continue at least in the near term, making it difficult for us to resume the growth of our revenue. Until they improve, these conditions will continue to harm our business.

IF WE CANNOT COMPETE SUCCESSFULLY WITH EXISTING OR NEW COMPETITORS, OUR BUSINESS COULD BE 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.

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, 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 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.

WE MUST CONTINUALLY ENHANCE OUR PRODUCTS TO REMAIN COMPETITIVE

We believe that our future success will depend, to a significant extent, upon our ability to enhance our existing products and to introduce new products and features to meet the requirements of our customers in a rapidly developing and evolving market. We are currently devoting significant resources to refining and expanding our base software modules and to developing Business Support Systems 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 position.

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

One of our largest groups of customers is comprised of SBC Communications Inc. ("SBC") and its operating subsidiaries. A significant decrease in the sale of products and services to SBC may materially adversely affect our results of operations and financial condition. SBC, through its subsidiaries, is also one of our largest shareholders. As of February 19, 2003, SBC beneficially owned approximately 9.4% of our outstanding ordinary shares.

Substantially all of our work for SBC is conducted directly with SBC's operating subsidiaries, such as Cingular Wireless, Southwestern Bell Yellow Pages, Southwestern Bell Communications Services and Southwestern Bell Telephone Company. These SBC relationships accounted for, in the aggregate, 10.6%, 13.3% and 12.6% of our total revenue in fiscal 2002, 2001 and 2000, respectively. The revenue attributable to SBC and such subsidiaries amounted to $171.5 million, $203.9 million and $141.0 million in fiscal 2002, 2001 and 2000, respectively. Based on long-term agreements currently in place with certain SBC subsidiaries and the outsourcing agreement announced in January 2003 with SBC's directory operations, we expect that revenue attributable to SBC entities will remain a significant percentage of our total revenue in 2003.

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

Our business is highly dependent on a limited number of significant customers, including SBC. The loss of any significant customer or a significant decrease in business from any of those customers could harm our results of operations and financial condition. Aggregate revenue derived from the multiple business arrangements we have with each of our five largest customer groups, excluding the SBC group, accounted for approximately 45.6% of our revenue in fiscal 2002.

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.

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

We believe that our future success will depend to a significant extent on our ability to develop long-term relationships with successful network operators and service providers with the financial and other resources required to invest in significant ongoing Business Support 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 customization, modification and maintenance 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 MAY BE DIFFICULT TO HIRE AND RETAIN

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. Despite recent reductions in headcount, we will need to hire sales, support, technical and other personnel this year and in the future. We may face difficulties identifying and hiring qualified personnel and may be unable to retain employees with the skills and experience that we require. Our inability to hire and retain the appropriate personnel could make it difficult for us to manage our operations 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 business.

OUR QUARTERLY OPERATING RESULTS MAY FLUCTUATE

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:

- 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 to the relatively fixed nature of certain of our costs, a decline of revenue in any quarter would result in lower profitability for that quarter.

OUR BUSINESS IS IMPACTED BY THE LENGTH OF OUR SALES CYCLE

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. As a result of the continued slowdown in the growth of the global communications market, our typical sales cycle has lengthened, which means that the average time between our initial contact with a prospective customer and the signing of a sales contract has increased. The lengthening of our sales cycle has and could continue in the future to reduce growth in our revenue. 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 DOES NOT IMPROVE, WE MAY INCUR ADDITIONAL RESTRUCTURING CHARGES

In an effort to implement long-term cost reduction measures, we have reduced our workforce and have 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. If the deterioration in the communications industry continues, 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 recent restructurings and cost reduction measures have reduced the size of our operations. On January 31, 2003, we had 7,800 software and information technology positions compared to 9,100 software and information technology positions on November 30, 2001 and 7,900 such positions on November 30, 2000. During these periods, we leased and 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 include consolidating and/or relocating certain of our operations to different geographic locations. These activities could lead to difficulties and significant expenses related to identifying and moving into suitable office space and 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 financial statements in the period this was determined.

OUR INTERNATIONAL PRESENCE CREATES SPECIAL RISKS

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 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,

- 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

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 two 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. In addition, our operations in Israel may be affected by any armed conflict with Iraq. If any military action is initiated against Iraq, the hostilities could adversely affect Israel. Further deterioration of relations with the Palestinian Authority and/or an Iraqi conflict 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. Efforts to finally resolve the problem have not yet resulted in an agreement. The European Union ("E.U.") has recently announced that Cyprus will be included in the next round of E.U. enlargement, which is expected to be January 1, 2004. The two communities are going through a series of intensive discussions facilitated by the United Nations, the E.U. and the United States, which are expected to lead to an agreement before the entry of Cyprus to the E.U. Any major hostilities between Cyprus and Turkey or any failure of the parties to reach a peaceful resolution may have a material adverse effect on our development facility in Cyprus.

FLUCTUATIONS IN FOREIGN CURRENCY EXCHANGE RATES COULD ADVERSELY AFFECT OUR BUSINESS

A significant portion of our operating costs is incurred outside the United States. Therefore, fluctuations in exchange rates between the currencies in which such costs are incurred and the dollar may have a material adverse effect on our results of operations and financial condition. The cost of our operations in Israel, as expressed in dollars, could be adversely affected by the extent to which any increase in the rate of inflation in Israel is not offset (or is offset with a time delay) by a devaluation of the Israeli currency in relation to the dollar. As a result of this differential, from time to time we experience increases in the costs of our operations in Israel, as expressed in dollars, which could in the future have a material adverse effect on our results of operations and financial condition.

In addition, a portion of our revenue 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.

WE MAY BE UNABLE TO PROTECT OUR PROPRIETARY TECHNOLOGY

Any misappropriation of our technology or the development of competitive technology could seriously harm our business. We regard a substantial portion of our software products and systems as proprietary and rely on a combination of statutory and common law copyright, trademark, 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 to the same extent as the laws of the United 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 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. 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. 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.

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

We benefit from a variety of government programs and tax benefits, including programs and benefits in Israel, Cyprus and Ireland. Generally, these programs contain conditions that we must meet in order to be eligible to obtain any benefit. If we fail to meet these conditions we could be required to refund tax benefits already received. Additionally, some of these programs and the related tax benefits are available to us for a limited number of years, and these benefits expire from time to time.

Any of the following could have a material 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, WHICH, IF DETERMINED ADVERSELY, COULD NEGATIVELY AFFECT OUR BUSINESS AND RESULTS OF OPERATIONS

Beginning on June 24, 2002, a number of complaints were filed by holders of our ordinary shares against us and four of our officers and directors, in the United States District Courts for the Eastern District of Missouri and the Southern District of New York. The complaints allege violations of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder. Each plaintiff seeks to represent a putative class of all purchasers of our ordinary shares between July 18, 2000 (or, in some of the complaints, July 24, 2001) and June 20, 2002. The complaints generally allege that, during that period, we and the individual defendants made false or misleading statements, in press releases and Securities and Exchange Commission filings, regarding among other things our future prospects, backlog, revenue, gross margin, acquisitions and accounting practices. Each plaintiff seeks unspecified monetary damages and other relief against all defendants. The parties in the New York cases have stipulated to transfer them to the Eastern District of Missouri. The court has recently appointed a lead plaintiff. An unfavorable resolution of these matters could materially affect our results of operations and financial condition. We intend to defend ourself vigorously against these claims and, in so doing, we may incur substantial costs. In addition, 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 seriously harm our business.

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 2002, our ordinary shares traded as high as $39.25 per share. Prior to our June 20, 2002 announcement of the expected decline in our revenue from projected results for the third quarter of fiscal 2002, our ordinary shares traded as low as $14.45 per share. Subsequent to that announcement and through March 18, 2003, our ordinary shares have traded between $5.85 and $13.95 per share. Many factors could cause the market price of our ordinary shares to rise and fall. Some of these factors are:

- 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,

- introduction 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.

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

Sales of substantial amounts of ordinary shares in the public market, or the perception that such sales could occur, could adversely affect prevailing market prices for the ordinary shares. As of January 31, 2003, we had 215,775,612 ordinary shares outstanding, a substantial portion of which are either freely tradable on the New York Stock Exchange or currently eligible for sale pursuant to Rule 144, under the Securities Act of 1933, as amended (subject to compliance with the volume and manner of sale limitations of Rule 144), or pursuant to another exemption from the registration requirements of the Securities Act.

Our principal shareholders have the right, in certain circumstances, to require us to register their shares under the Securities Act for resale to the public. In addition, we have registered under the Securities Act a total of (i) 35,062,121 ordinary shares, reserved for issuance upon the exercise of options that have been or may be granted under our stock option plans and stock option plans assumed by us in connection with our acquisitions of International Telecommunication Data Systems, Inc. and Solect Technology Group Inc. and (ii) 5,429,350 ordinary shares reserved for issuance upon conversion of our 2% Convertible Notes due June 1, 2008. The right to exercise options outstanding under these plans is subject to certain vesting requirements.

ITEM 4. INFORMATION ON THE COMPANY

HISTORY, DEVELOPMENT AND ORGANIZATIONAL STRUCTURE OF AMDOCS

Amdocs Limited was organized under the laws of the Island of Guernsey in 1988. Since 1995, we have been a holding company for the various subsidiaries that conduct our business on a worldwide basis. Our global business is providing Business Support Systems, including software and services, to major communications companies in North America, Europe and the rest of the world. Our registered office is located in Suite 5, Tower Hill House Le Bordage, St. Peter Port, Island of Guernsey, GY1 3QT Channel Islands, and the telephone number at that location is 011-44-1481-728444.

In the United States, our main sales and development center is located in St. Louis, Missouri. The executive offices of our principal subsidiary in the United States are located at 1390 Timberlake Manor Parkway, Chesterfield, Missouri 63017, and the telephone number at that location is (314) 212-8328.

Our subsidiaries are organized under and subject to the laws of several countries. Our principal operating wholly owned subsidiaries are Amdocs, Inc. (United States), Amdocs (UK) Limited, Amdocs Development Limited (Cyprus), Amdocs Management Limited (United Kingdom), Amdocs (Israel) Limited, Amdocs Software Systems Ltd (Ireland), Amdocs Champaign, Inc. (previously ITDS Intellicom Services, Inc.) (United States) and Amdocs Canada, Inc. (previously Solect).

We have pursued acquisitions in order to offer new products or services or otherwise enhance our market position or strategic strengths. Our acquisition of ITDS in November 1999 enabled us to expand our service offerings and enhanced our ability to provide outsourcing solutions to our customers. (We have since renamed ITDS, Amdocs Stamford, Inc.) Our acquisition of Solect (since renamed Amdocs Canada, Inc.) in April 2000 enhanced our ability to serve the growing Internet Protocol ("IP") needs of our customers, while also expanding our target market to cover IP operators, such as Internet Service Providers ("ISPs"), Application Service Providers ("ASPs") and broadband providers. Our acquisition in November 2001 from Nortel Networks Corporation of substantially all of the assets of its Clarify business, a leading provider of Customer Relationship Management ("CRM") software to communications companies and other enterprise sectors, has positioned us as a leading provider of CRM to the communications industry and, through our addition of Clarify's CRM software to our product offerings, reinforced our leadership in delivering a comprehensive portfolio of business software applications.

In January 2001 we formed Certen Inc. ("Certen") with Bell Canada to provide customer care and billing solutions to Bell Canada and some of its affiliated companies. Certen is owned 90% by Bell Canada and 10% by us. We are providing the customer care and billing software required by Certen, including customization, installation, maintenance and other services.

In the future, we may consider, as part of our strategy, additional acquisitions and other initiatives in order to offer new products or services or otherwise enhance our market position or strategic strengths.

In March 2002, we announced a senior management transition. Effective July 1, 2002, Dov Baharav, who previously had served as Chief Financial Officer of Amdocs Management Limited, assumed the role of President and Chief Executive Officer. Ron Moskovitz, who previously had served as Vice President of Finance for Amdocs Management Limited, took over the role of Chief Financial Officer. Mr. Baharav replaced Avinoam Naor in the positions of President and Chief Executive Officer of Amdocs Management Limited. Mr. Naor became the Vice Chairman of our Board of Directors.

Under the leadership of our new management team and in response to changing market conditions, we implemented a new organizational structure during the fourth quarter of fiscal 2002. Our operations are now centered around two main groups, the Offering Group and the Delivery Group. The Offering Group is responsible for developing and marketing our Business Support Systems products which are delivered through the Delivery Group. The Delivery Group is responsible for project and service delivery and selling products to our customers.

During fiscal 2002, we took steps to reduce our costs and achieve increased operational efficiency. In October 2001, we consolidated our Stamford, Connecticut data center into our Champaign, Illinois facility, and we closed the Stamford facility. In June 2002, we announced our intention to implement a cost reduction program to reduce costs by approximately 10% in response to a decline of our forecasted revenue for the third and fourth quarters of fiscal 2002. As part of this program, we reduced our workforce by approximately 1,000 positions and vacated facilities in different centers around the world. In November 2002, we announced a series of additional measures designed to reduce costs and improve productivity. As part of this plan, we reduced our workforce by approximately 400 positions and vacated additional facilities in different centers around the world. In addition, we intend to implement other cost reduction measures, including travel cuts and reductions in other discretionary costs.

Our principal capital expenditures for fiscal 2002, 2001 and 2000 have been for computer equipment, for which we spent approximately $42.8 million, $62.0 million and $35.7 million, respectively. We also lease vehicles for use by our employees, incurring lease obligations of $2.2 million, $13.1 million and $15.7 million, respectively, in each of the last three fiscal years.

Principal capital expenditures currently in progress consist of approximately $11.2 million for additional computer equipment, with the bulk of these expenditures for computer equipment to be located at our facilities in North America and Israel.

BUSINESS OVERVIEW

Our market focus is 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. The products and services that we provide are known as business support systems, which we refer to as "BSS". Our BSS products consist primarily of customer care and billing, CRM and order management systems. We refer to these products, collectively, as "CC&B Systems". Our products also include a full range of directory sales and publishing systems, which we refer to as "Directory Systems", for publishers of both traditional printed yellow page and white page directories and electronic Internet directories.

Our CC&B Systems and Directory Systems are designed to meet the mission-critical needs of leading communications service providers. Our BSS products and related services are designed to manage and improve key aspects of the business operations of communications companies, such as CRM, order management, call rating, invoice calculation and preparation, bill formatting, collections, partner relationship management ("PRM") 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 convergent services. Because of the complexity of BSS projects and the expertise required for system support, we also provide extensive customization, implementation, system integration, ongoing support, system enhancement, maintenance and outsourcing services, such as the operation of data centers and the provision of communications facility management services, in all cases on either or a combination of a fixed or unit charge basis to our customers.

Since the inception of our business in 1982, we have concentrated on providing software products and services to major communications companies. By focusing on this market, we believe that we have been able to develop the innovative products and the industry expertise, project management skills and technological competencies required for the advanced, large-scale, specifications-intensive system projects typical of leading communications providers. Our customer base includes major North American and foreign communications companies, including major wireline companies (such as Verizon, BellSouth, SBC, Bell Canada, Tele Danmark and Deutsche Telekom) and wireless companies (such as Sprint PCS, Nextel, Cingular Wireless and Vodafone Group).

INDUSTRY BACKGROUND

Communications Industry

For close to 20 years, competition in the global communications industry has increased as a result of deregulation and the development of new service technologies. Competition in the U.S. market began to increase in 1984 when AT&T was required to divest its local telephone operations and many new operators began to enter the long distance market. The Telecommunications Act of 1996 increased competition in the United States even further by allowing new and existing local, long distance and cable companies to offer competing services. Many companies now compete by providing multiple or convergent services, offering combinations of local exchange, long distance, wireless, content and electronic and mobile commerce services. Deregulation is also creating opportunities for new ways of doing business, such as wholesaling and reselling communications services. Internationally, privatization and deregulation continue to encourage increased international competition and the emergence of newly authorized communications network operators and service providers, especially in Europe, Latin America and the Asia-Pacific region. As markets are opened to competition, new competitors within these markets typically compete for market share with more established carriers, initially by providing access to service and then by providing competitive prices, by introducing new features and services and by being more responsive to customer needs. In parallel, the communications industry has undergone consolidation as companies seek to broaden their global reach and expand service offerings. In addition, global expansion by multinational companies and concurrent technological advances are opening markets in less developed countries to enhanced communications services and competition.

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

Recent market conditions in the communications industry have reduced the high growth that the communications industry had experienced earlier in its history. As a result, the market value, financial results and prospects and capital spending levels of many communications companies have declined or degraded. If these market conditions persist, we and other vendors to the communications industry will continue to be adversely affected.

Information Systems

While the demand for BSS systems has decreased as a result of the downturn in the communications industry, many communications companies, even in the current business environment, are seeking to improve their systems. These communications companies are looking for systems that reduce IT and operational costs, enhance customer management to support customer retention, support rapid rollout of new marketing packages and advanced data services, and the ability to provide customers with single-contact, single-invoice solutions for multiple services (convergence or "one-stop shopping").

As a result, communications companies require information systems that provide the level of integration, flexibility and scalability they need to improve operational efficiency and to differentiate themselves from their competitors in an increasingly competitive marketplace. To save scarce capital and operating expenditure resources, some carriers are investing in pre-configured open-architecture software products, which require limited customization rather than highly customized solutions.

In order to implement efficient, flexible, cost-effective information systems on a timely basis, many new and existing communications companies are looking to buy CC&B Systems from external vendors, rather than developing new systems with internal resources. Moreover, as many communications companies strive to become more consumer-oriented, they are concentrating their efforts and internal resources on servicing customers and expanding their service offerings, and many are turning to third-party vendors for their information systems. These factors create significant opportunities for vendors of CC&B Systems and providers of outsourcing services, such as Amdocs.

THE AMDOCS SOLUTION

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

- Total Solutions Orientation. We offer our customers total solutions that include both BSS products and a broad range of services, including customization, implementation, systems integration, maintenance, ongoing support and outsourcing. By providing services directly to the customer, we are able to effectively utilize our intricate technical knowledge of our BSS products in the overall execution of a project, helping to ensure delivery and significantly reducing project risk. Our total solutions approach differs from the multi-party approach commonly used in the market, in which products developed by a BSS software vendor are implemented by a third-party system integrator. We believe that our approach enhances our ability to provide our customers with timely, cost-effective, low-risk solutions at a consistent level of quality.

- Functional and Flexible BSS Products. Our BSS products are based on an open, multi-tier, client-server, rule and table-based architecture that provides the functionality, scalability, modularity and adaptability required by communications companies in today's highly competitive market. The flexibility of our BSS products enables our customers to achieve significant time-to-market advantages and reduce their dependence on technical and other staff.

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

BUSINESS STRATEGY

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

- Continued Focus on the Communications Industry. We intend to continue to concentrate our 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 and Promising New Entrants. We intend to continue to direct our marketing efforts principally towards the major communications companies and new entrants that we believe have the potential to be market leaders. Our customer base includes major communications companies in North America (including SBC, Verizon, Sprint PCS and Nextel), Europe (including Deutsche Telekom (Germany), BT (UK), Vodafone Group (UK) and Telefonica (Spain)) and the Asia-Pacific region (Telstra (Australia)). 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 and promising new entrants that require the most sophisticated information systems solutions, we believe that we are best able to ensure that we remain at the forefront of developments in the industry.

- Deliver and Support Total Solutions. Our strategy is to provide customers with total systems solutions consisting of our BSS products and our specialized services. By leveraging our product and industry knowledge, we believe that we can provide more effective system integration and implementation support services to our customers.

- Provide Customers with a Broad Suite of Products. We seek to provide our customers with a broad suite of products to meet all their BSS 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.

TECHNOLOGY

We have developed core competencies in various advanced technologies that are used in our BSS products. By utilizing technologies such as rule and table-based design, multi-tier architecture, object-oriented techniques, data mining, web-enabling and open application program interfaces, we are able to provide communications companies with the flexibility required in a highly competitive, dynamic environment. For example, the use of rule and table-based technologies allows communications companies to rapidly implement changes to their marketing and customer service activities, such as new services, price plans, discount schemes and bill formats, without the need to modify system code. Similarly, by drawing on web-enabled, Internet technologies, we have been able to improve access to information by remote users, both internally within a communications company's organization and between the organization and its subscribers. These technologies are integrated in an open, multi-tier, service-oriented architecture. The architecture of our BSS products includes the key characteristics described below.

- Scalability. Our BSS products are designed to take full advantage of the proven scalability of the UNIX platform, allowing progressive system expansion, proportional with the customer's growth in business volumes. Using the same software, our BSS products can support operations for small as well as very large service providers.

- Modularity. Our BSS products are comprised of sets of functional modules. Each module can be installed on an individual stand-alone basis, interfacing with the customer's existing systems, or as part of an integrated BSS environment. This modularity provides our customers with a highly flexible and cost-effective solution that is able to incrementally expand with the customer's growing needs and capabilities. The modular approach also preserves the customer's initial investment in BSS products, while minimizing future disruptions and the overall cost of system implementation.

- Portability. Utilization of the UNIX platform ensures that our BSS customers are able to choose from a variety of hardware vendors, including Hewlett-Packard, IBM and Sun Microsystems. Certain applications can also be deployed on the MVS or Windows NT platforms. The BSS products utilize, where applicable, Java-based design and programming to augment cross-platform portability.

PRODUCTS

Our product offerings include an extensive library of BSS software products that we have developed to provide comprehensive information systems functionality for communications service providers. Core elements include CRM, order management, call rating, invoice calculation, bill formatting, collections, PRM and directory publishing services.

We configure individual BSS modules into families of products, which serve as marketing packages oriented to the needs of specific customer segments. We provide our main CC&B Systems offering in a number of versions to serve the different needs of communications operators in the various network and business segments, such as wireline, wireless, broadband and electronic and mobile commerce. Our main packages include:

- Amdocs Enabler: compact offline and online charging product, supporting prepaid and postpaid billing plans, for voice and next generation services.

- Amdocs Mobile: end-to-end billing product for mobile operators, based on Amdocs Enabler, together with customer management, provisioning, resources management and financial management functions.

- Amdocs Wireline: end-to-end billing product for wireline operators, based on Amdocs Enabler, together with customer management, resource management and financial management functions.

- Amdocs ClarifyCRM: end-to-end customer management product for all operators, providing support for managing customer relationships, including service and support, sales and ordering, and marketing and analytics.

We also offer our new generation, or NG, line of ADS (NG)/Family of Products which provides comprehensive support for directory publishing operations.

Each individual module from the product families can be installed as an independent stand-alone application, interfacing with the customer's legacy and third-party systems, or as part of an integrated Amdocs solution.

CC&B Systems

The CC&B suites of products that we offer encompass the following key application areas:

- Customer Management -- provides customer account information management and service support, including account initiation, on-line assistance in choosing a price plan, installation scheduling and complaint handling.

- Acquisition and Formatting -- provides for acquisition and formatting of the event records, which are created by usage of the communications network. The event records contain information such as the origin and destination of a telephone call and its duration.

- Rating -- calculates charges for usage of communications services, such as postpaid and prepaid telephone calls, Internet access and data transfer. The rating module calculates the charges for each event based on the service packages and price plans applicable to each individual user.

- Billing -- provides comprehensive functionality for bill preparation (totaling of usage and other charges, application of discounts, taxes and credits) and bill production.

- Bill Formatter -- enables the flexible definition and modification of bill formats, according to user requests (e.g., to combine charges from multiple services onto a single bill or to permit certain types of charges to be highlighted).

- Accounts Receivable and Collections -- provides comprehensive functionality for accounts receivable and collections, including invoice receipt, payment receipt, payment posting, financial reporting and automated handling of customers with outstanding debts.

- Resource Management -- manages the carrier's inventory of telephone numbers and SIM cards.

- Wireless and IP Provisioning -- manages the interface between the carrier's customer care and billing system and the network, transferring instructions regarding the provision or discontinuation of wireless and IP services to specified users.

- Partner Relationship Management -- calculates, manages and reconciles payments for intercarrier network access, including settlement of roaming charges between cellular carriers, as well as management of agreements and settlements between carriers and their business partners.

- Commerce Payments -- manages real-time payment and exchange of information between buyer and seller for next generation commerce and content transactions.

The ClarifyCRM product suite that we acquired from Nortel Networks enables us to provide a complete suite of modular applications. Our suite of CRM products is divided into the following three main categories:

- Sales and Ordering Solutions -- offers comprehensive sales automation, order negotiation and capture, and commissions management products supporting the broad needs of sales professionals in all sales situations. We provide a range of fully integrated sales automation tools enabling local and remote sales professionals to be more effective in managing sales opportunities, developing quotes, forecasting revenue and communicating with other sales team members. Our products manage sales activities in all direct and indirect channels and handle all back-office equipment inventory control, commission calculations and performance-based compensation plans.

- Service and Support Solutions -- enables companies to maximize efficiencies in customer service organizations. Our products ensure that customer service representatives have straightforward, online access to a single storehouse for customer data to reduce service response times and increase efficiencies in contacts with a customer. Our products manage and track all customer interactions in all applications and contact channels through resolution. Customers have access to 24-hour a day customer care and order services through Internet and mobile portals.

- Marketing and Analytics Solutions -- offers full sales campaign management, customer retention and cross-sell and up-sell functionality, using advanced data mining, data warehousing and predictive modeling techniques. Our products rely on field-proven data discovery, analysis and forecasting to analyze customer usage and causes of churn. Analysis of customer information and usage history also enables the generation of predictive tools for analyzing credit risk. Using our products, communications providers can pinpoint customer behavior trends, then take proactive measures to maximize return on sales and marketing, and track the effectiveness of sales campaigns and ongoing service offerings.

Directory Publishing

Our main offering in the Directory Systems area is the ADS(NG)/Family of Products. These products provide comprehensive support for yellow page and white page directory sales and publishing operations, as well as for Internet directories and catalogs, including fully integrated electronic commerce capabilities. These systems support large directory publishing operations that employ a local sales force numbering thousands of representatives, serve customer bases of hundreds of thousands of businesses and publish hundreds of different directories each year. The directory line of products comprises a series of modules, including:

- Sales -- addresses all aspects of managing sales to advertisers, including preparation and management of the overall sales campaign, which encompasses selecting the advertisers to be targeted, allocating the advertisers to various sales channels (such as field sales or telemarketing sales), assigning the advertisers to sales representatives, tracking advertising sales results and calculating sales commissions. These modules also provide automated support for the advertising sales representative, including laptop-based applications for use by members of the sales force in the field.

- Publishing -- supports the process of entering, proofing and extracting the telephone listing and advertising information that is to be published in a directory. These modules encompass contract processing, service order processing, listing information management and directory extract in preparation for the actual production of the directory.

- Marketing and Information Analysis -- includes corporate data warehousing techniques, online analytical processing and data mining capabilities, oriented to the specific marketing needs of the directory publisher. For example, these modules can be used to identify changed patterns of advertisement buying behavior in certain groups of customers, or to perform "what if" analyses on marketing policy parameters. These modules are also used by management to analyze the directory market and customer behavior, assisting in the planning of corporate strategy and marketing tactics.

- Prepress -- manages the production of advertisements that are to be published in a directory and also supports the fully automated pagination of yellow page and white page directories, including the generation of the final typesetting file so that printed copies of the documents can be produced.

- Customer Service -- permits online support for handling customer inquiries and resolving customer complaints, including online correction of advertising data and billing adjustments.

- Financial Management -- specifically designed for the directory publisher's billing, accounts receivable and collections functions.

SERVICES

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

The extent of services provided varies from customer to customer. Some communications service providers prefer a highly customized approach, with extensive modifications to the BSS product and a significant level of ongoing support. In recent years, more of our customers have chosen to implement standard, pre-configured products with limited customization and less ongoing support. We have invested considerable research and development efforts in upgrading our application suite to address this market requirement.

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

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

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

As part of our effort to provide comprehensive solutions to our customers, we also offer outsourcing services to support operation of our BSS products. These outsourcing services generally comprise a combination of functions such as responsibility for the ongoing development and enhancement of BSS systems that we have installed, the purchase and management of related hardware assets and overall management of the customer's associated data centers

SALES AND MARKETING

Our sales and marketing activities are primarily directed at major communications companies. As a result of the strategic importance of our information systems to the operations of such companies, a number of constituencies within a customer's organization are typically involved in purchase decisions, including senior management, information systems personnel and user groups such as the finance and marketing departments.

We maintain sales offices in the United States, the United Kingdom, and several other countries. Our sales activities are supported by marketing efforts, including marketing communications, product management, market research and strategic alliances. The management of our operating subsidiaries is closely involved in establishing sales policies and overseeing sales activities. Management's role includes the setting of priorities among the multiple sales opportunities available at any point in time. Management is also responsible for allocating sufficient resources to each project to meet our quality standards while also adhering to the project's cost and schedule parameters.

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

CUSTOMERS

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

Our customers include global communications leaders, as well as other leading network operators and service providers and directory publishers in the United States and around the world. Our customers include SBC and a number of its operating subsidiaries, such as Cingular Wireless, Southwestern Bell

Yellow Pages, Southwestern Bell Communications Services and Southwestern Bell Telephone Company. Additional customers include:

BCP	Tele Danmark
Bell Canada	Telefonica
BT	Telstra
Deutsche Telekom	Telus
Netcom	Verizon
Nextel	Vodafone Group
Rogers AT&T	VoiceStream
Sprint PCS	Western Wireless

Our single largest customer group is Nextel Communications, which accounted for, in the aggregate, 11.8%, 10.3% and 5.9% of our revenue in fiscal 2002, 2001 and 2000, respectively. Our next largest group of customers is SBC, which accounted for 10.6%, 13.3% and 12.6% of our revenue in fiscal 2002, 2001 and 2000, respectively.

Aggregate revenue derived from the multiple business arrangements we have with each of our five largest customers and their subsidiaries, excluding SBC, accounted for approximately 45.6%, 41.3% and 39.7% of our revenue in fiscal 2002, 2001 and 2000, respectively.

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

	2002	2001	2000
North America	61.9%	53.8%	45.6%
Europe	28.9	35.8	42.4
Rest of the World	9.2	10.4	12.0

COMPETITION

The market for communications information systems is highly competitive and fragmented, and we expect competition to increase. We compete with many independent providers of information systems and services, including American Management Systems, Convergys, CSG, IBM, Portal Software Inc., Saville Systems (a subsidiary of ADC Telecommunications, Inc.), SchlumbergerSema Group and Siebel Systems, Inc., with system integrators, such as EDS, and with internal information systems departments of large communication companies. We expect continued competition in the communications industry and the entrance of new competitors into the software information systems market in the future.

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

- offering customers a total information system from a single vendor,

- providing high quality reliable, scalable products,

- effectively managing the timely implementation of products, and

- responding to customer service and support needs through a skilled professional organization.

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 prospective customers. Accordingly, new competitors or alliances among competitors may emerge and rapidly acquire significant market share. As a result, our competitors may be able to adapt more quickly than we can to new or emerging technologies and changes in customer requirements, or to devote greater resources to the promotion and sale of their products. There can be no assurance that we will be able to compete successfully with existing or new competitors. Failure by us to adapt to changing market conditions and to compete successfully with established or new competitors may have a material adverse effect on our results of operations and financial condition.

EMPLOYEES

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

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

INTELLECTUAL PROPERTY

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. While we rely on these methods to protect our technology, we believe that factors such as the knowledge, skill and experience of our personnel, new product developments, frequent product enhancements and the timeliness and quality of support services are also critical to our success.

PROPERTY, PLANTS AND EQUIPMENT

Facilities

We lease land and buildings for our executive offices, sales, marketing, administrative, development and support centers. We lease an aggregate of approximately 2,100,000 square feet worldwide, including significant leases in the United States, Israel, Cyprus, Canada and the United Kingdom. Our aggregate committed annual lease costs are approximately $45 million. The following table summarizes information with respect to the principal facilities leased by us and our subsidiaries as of February 1, 2003:

LOCATION	AREA (SQ. FEET)
United States	
Chesterfield, MO	180,000
San Jose, CA	132,000
Stamford, CT(*)	81,000
Champaign, IL	105,000
Others	93,000
Total	591,000
Israel	
Ra'anana	634,000
Hod-Hasharon	201,000
Jerusalem	32,000
Haifa(*)	133,000
Negev	38,000
Total	1,038,000
Cyprus (Limassol)	110,000
Canada (Toronto) (*)	220,000
United Kingdom (London) (*)	59,000
Rest of the world(**)	118,000

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(*) Includes space sublet to third parties.

(**) Includes Argentina, Australia, Brazil, Czech Republic, Denmark, France, Germany, Hong Kong, Hungary, Ireland, Italy, Japan, Poland, South Africa, Spain, Thailand and The Netherlands.

Our leases expire on various dates between 2003 and 2012, not including various options to extend lease terms.

Equipment

We develop our BSS products over a system of UNIX, MVS and Windows NT/2000 servers owned by us. We use a variety of software products in our development centers, including products by Microsoft, Oracle, Synscsort, CA, Merant, IBM, HP and BEA. Our data storage is based on equipment from EMC, SUN, NetApp and Hewlett-Packard. Our development servers are connected to approximately 15,000 personal computers owned by us.

Automatic tape libraries provide full and incremental backups of the data used in and generated by our business. The backup tapes are kept on-site and off-site, as appropriate, to ensure security and integrity, and are used as part of our disaster recovery plan. The distributed development sites that we operate worldwide are connected by a high speed redundant wide area network ("WAN"), using telecommunication equipment manufactured by, among others, Cisco and Nortel.

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

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

INTRODUCTION

In this section, we discuss the general financial condition and the results of operations for Amdocs and its subsidiaries including:

- the factors that affect our business,

- our revenue and costs for the fiscal years ended September 30, 2002, 2001 and 2000,

- the reasons why such revenue and costs were different from year to year,

- the sources of our revenue,

- the impact of changes we have made to our organizational structure,

- how all of this affects our overall financial condition,

- our expenditures for the fiscal years ended September 30, 2002, 2001 and 2000, and

- the sources of our cash to pay for future capital expenditures and possible acquisitions.

In this section, we also analyze and explain the annual changes in the specific line items in our consolidated statements of operations. You should read this section in conjunction with our consolidated financial statements, included elsewhere in this report.

OVERVIEW OF BUSINESS AND TREND INFORMATION

Our market focus is the communications industry, and we are a leading provider of software products and services to that industry. Our BSS products consist primarily of customer care and billing, customer relationship management and order management systems. Our products also include 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 CC&B Systems and our Directory Systems are designed to meet the mission-critical needs of leading communications service providers. We support a wide range of communications services, including wireline, wireless, voice, data, broadband, content, electronic and mobile commerce and IP based services. We also support companies that offer multiple service packages, commonly referred to as convergent services. Because of the complexity of BSS projects and the expertise required for system support, we also provide extensive customization, implementation, system integration, ongoing support, system enhancement, maintenance and outsourcing services, such as the operation of data centers and the provision of communications facility management services, in all cases on either or a combination of a fixed or unit charge basis to our customers.

As part of our strategy, we may pursue acquisitions and other initiatives in order to offer new products or services or otherwise enhance our market position or strategic strengths. See the discussion below under the caption "Acquisitions".

We derive our revenue principally from:

- the sale of licenses for our products, including initial license fees and incremental license fees resulting from increases in a customer's business volume,

- the sale of services related to our products, including customization, implementation and integration services,

- recurring revenue from ongoing support and maintenance provided to our customers, and

- providing outsourcing and other related services for our customers.

We usually sell our software as part of an overall solution offered to a customer, in which significant customization and modification to our software generally is required. As a result, we generally recognize revenue over the course of these long-term projects. Initial license fee revenue is recognized as work is performed, using the percentage of completion method of accounting. Subsequent license fee revenue is recognized upon completion of specified conditions in each contract. Service revenue that involves significant ongoing obligations, including fees for software customization, implementation and modification, also is recognized as work is performed, under the percentage of completion method of accounting. Revenue from software solutions that do not require significant customization and modification is recognized upon delivery. In outsourcing contracts, we recognize revenue from the operation and maintenance of customers' billing systems in the period in which the bills are produced. Revenue from ongoing support services is recognized as work is performed. Revenue from third-party hardware and software sales is recognized upon delivery. Maintenance revenue is recognized ratably over the term of the maintenance agreement. As a result of a substantial portion of our revenue being subject to the percentage of completion accounting method, the size and timing of customer projects and our progress in completing such projects may significantly affect our annual and quarterly operating results.

Our business is subject to the effects of general global economic conditions and, in particular, market conditions in the communications industry. As a result of the slowdown in the communications industry, the market value, financial results and prospects, and capital spending levels of communications companies have declined or degraded.

The persistence and worsening of the downturn in the communications industry have significantly impacted our business. Over the past year, further slowdowns in customer buying decisions stemming from overall reductions in the capital investment budgets of many communications service providers have led to fewer new contracts than we had expected, as well as smaller than expected initial spending commitments and reduced discretionary spending under our contracts with some of our customers. These factors, combined with the continuing general economic slowdown, resulted in our achieving lower revenue levels than expected during the second half of fiscal 2002.

Due to our heavy dependence on the communications industry, we can be adversely affected by bankruptcies or other business failures in that industry. Failures in the communications industry could harm our business and might have a material adverse effect on our operating results and financial condition.

Total license and service revenue for the fiscal year ended September 30, 2002 was $1,613.6 million, compared to $1,533.9 million in fiscal 2001 and $1,118.3 million in fiscal 2000.

License and service fees from the sale of CC&B Systems amounted to $1,440.0 million in the year ended September 30, 2002, compared to $1,379.7 million in fiscal 2001 and $986.5 million in fiscal 2000. In fiscal 2002, license and service fees from the sale of CC&B Systems represented 89.2% of our total revenue, compared to 89.9% in fiscal 2001 and 88.2% in fiscal 2000.

We believe that we are a leading global provider of CC&B Systems. We provide a broad set of CC&B Systems, with proven functionality and scalability, accompanied by a comprehensive range of support services.

We believe that demand for our CC&B Systems is driven by, among other key factors:

- the global penetration of communications service providers,

- the emergence of new communications products and services, especially IP, data and content services,

- technological changes, such as the introduction of wireless Internet services via GPRS and UMTS technology,

- the business needs of communications service providers to reduce costs and retain customers, and

- a shift from in-house management to vendor solutions.

We also believe that additional drivers of demand are the continuing trend for communications service providers to offer to their subscribers multiple service packages, commonly referred to as convergent services (combinations of voice, broadband, electronic and mobile commerce and IP services), and the ability of our CC&B Systems to improve productivity and reduce costs of communications providers.

Another key to demand for our CC&B Systems is the practice by certain communications service providers to outsource entirely their customer care and billing functions.

Although we are unable at this time to forecast demand for our CC&B Systems, we could experience additional revenue softness in the future as a result of the downturn in the communications industry. This industry-wide downturn had a direct negative impact on our results in fiscal 2002, reducing both the number of new contracts we have been able to obtain, and the initial spending commitments and discretionary spending levels of some of our customers. In the first quarter of fiscal 2003, we had total revenue of $339 million and as of January 31, 2003, we expect that total revenue for the second quarter of fiscal 2003 will be in the range of $333 million to $340 million. As of January 31, 2003, we have no clear indication for the second half of fiscal 2003. Accordingly, at this point, we cannot predict whether revenue levels will continue to deteriorate or have stabilized. However, we expect that revenue attributable to our CC&B Systems in fiscal 2003 will be lower than in fiscal 2002.

License and service fees from the sale of Directory Systems amounted to $173.6 million in the year ended September 30, 2002, compared to $154.2 million in fiscal 2001 and $131.8 million in fiscal 2000. In fiscal 2002, license and service fees from the sale of Directory Systems represented 10.8% of our total revenue, compared to 10.1% in fiscal 2001 and 11.8% in fiscal 2000.

We believe that we are a leading provider of Directory Systems in most of the markets that we serve. We anticipate that revenue levels for our Directory Systems and related outsourcing projects for fiscal 2003 will be slightly higher than in fiscal 2002.

SENIOR MANAGEMENT TRANSITION AND NEW ORGANIZATIONAL STRUCTURE

In March 2002, we announced a senior management transition. Effective July 1, 2002, Dov Baharav, who previously had served as Chief Financial Officer of Amdocs Management Limited, assumed the role of President and Chief Executive Officer. Ron Moskovitz, who previously had served as Vice President of Finance for Amdocs Management Limited, took over the role of Chief Financial Officer. Mr. Baharav replaced Avinoam Naor in the positions of President and Chief Executive Officer of Amdocs Management Limited. Mr. Naor became the Vice Chairman of our Board of Directors.

Under the leadership of our new management team and in response to changing market conditions, we implemented a new organizational structure during the fourth quarter of fiscal 2002. Our operations are now centered around two main groups, the Offering Group and the Delivery Group. The Offering Group is responsible for developing and marketing our BSS products, while the Delivery Group is responsible for project and service delivery to our customers.

OPERATIONAL EFFICIENCY AND COST REDUCTION PROGRAM

In October 2001, as part of a plan to achieve increased operational efficiency and to more closely monitor and reduce costs, we consolidated our Stamford, Connecticut data center into our Champaign, Illinois facility, and we closed the Stamford facility. As a direct result of this closure, we recorded a nonrecurring charge of $13.3 million in the first quarter of fiscal 2002, primarily for the write-off of leasehold improvements and rent obligations, with the remainder for employee separation costs.

In addition, in the first quarter of fiscal 2002, as part of a general effort to reduce costs, we have decreased our overall commitments for employee compensation, through a lesser reliance on fixed compensation programs and a greater reliance on discretionary arrangements.

On June 20, 2002, we announced our intention to implement a cost reduction program to reduce costs by approximately 10% in response to a decline of our forecasted revenue for the third and fourth quarters of fiscal 2002. The decline resulted from, among other factors, slowdowns in customer buying decisions in the third quarter of fiscal 2002, stemming from overall reductions in the capital investment budgets of many communications service providers, leading to fewer new contracts than we had expected, as well as smaller than expected initial spending commitments and reduced discretionary spending under our contracts with some of our customers.

We recorded a charge of $20.9 million in the fourth quarter of fiscal 2002, consisting primarily of employee separation costs in connection with the elimination of approximately 1,000 positions, with the remainder for the write-off of leasehold improvements and rent obligations. Except for certain lease termination costs that will be paid over the respective lease terms, we expect to pay substantially all of the remaining accrual balance of the cost reduction program in the first quarter of fiscal 2003.

These charges are included in "restructuring charges, in-process research and development and other indirect acquisition-related costs" for the year ended September 30, 2002.

Implementation of our cost reduction program permitted us to achieve cost savings of approximately $18 million in the fourth quarter of fiscal 2002. We believe that the cost reduction program will create additional quarterly cost savings of approximately $12 million, which will achieve an overall savings of $30 million each quarter on an ongoing basis compared to the expense level in the third quarter of fiscal 2002. During the fourth quarter of fiscal 2002 we notified all affected employees of their termination. However, some of these individuals remained on our payroll as our employees through the end of the fourth quarter. As a result, the cost savings achieved in the fourth quarter were partial.

For additional cost reduction measures, see the discussion below under the caption "Subsequent Event".

ADOPTION OF NEW ACCOUNTING STANDARDS

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statements of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations" ("SFAS No. 141"), and No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142").

SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001.

SFAS No. 142 is effective for fiscal years beginning after December 15, 2001. Under SFAS No. 142, goodwill and intangible assets deemed to have indefinite lives will no longer be amortized but, instead, will be subject to periodic impairment tests in accordance with the Statement. Other intangible assets will continue to be amortized over their useful lives.

Other intangible assets, such as workforce-in-place, will be reclassified to goodwill, according to SFAS No. 141's new definition of intangible assets.

Effective October 1, 2002 we adopted SFAS No. 142. Subsequent to the adoption of the new rules, we performed the transitional tests of goodwill and intangible assets recorded as of October 1, 2002. Thereafter, a periodic impairment test will be performed at least annually. We operate in one business segment, and our reporting unit is consistent with that one operating segment. In calculating the fair value of the reporting unit, we used a discounted cash flow methodology. There was no impairment of goodwill upon adoption of SFAS 142. We will perform our annual impairment review during the fourth quarter of each year commencing in the fourth quarter of fiscal 2003. We recorded goodwill and workforce-in-place amortization of $204.6 million in fiscal 2002, $204.6 million in fiscal 2001 and $104.3 million in fiscal 2000. See the discussion below under the caption "Acquisitions".

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections" ("SFAS No. 145"). SFAS No. 145 eliminates previous requirements to classify gains and losses from extinguishment of debt as extraordinary items in earnings. Gains or losses from extinguishment of debt for fiscal years beginning after May 15, 2002 shall not be classified as extraordinary items unless certain provisions are met. Early adoption was encouraged. We adopted SFAS No. 145 in the fourth quarter of fiscal 2002 in connection with the gain related to the repurchase of our convertible notes. See the discussion below under the caption "Convertible Notes".

ACQUISITIONS

As part of our strategy, we may pursue acquisitions in order to offer new products or services or otherwise enhance our market position or strategic strengths.

In November 1999, we acquired International Telecommunication Data Systems, Inc. ("ITDS") in a stock-for-stock acquisition. The acquisition of ITDS, a leading provider of solutions to communications companies for outsourcing of billing operations, expanded the scope of our CC&B Systems offerings. We believe that this acquisition further established our leadership in providing total solutions to the communications industry. The total purchase price of $189.0 million consisted of the issuance of 6,461,376 ordinary shares, the grant of options to purchase 1,102,955 ordinary shares and transaction costs. We have since renamed ITDS, Amdocs Stamford, Inc.

In April 2000, we acquired Solect Technology Group Inc. ("Solect") in a stock-for-stock acquisition. The acquisition of Solect, a leading provider of billing and customer care software to IP service providers, including wireless and application service providers, or ASPs, expanded our IP service provider customer base for CC&B Systems. In the acquisition, all then outstanding common shares of Solect were exchanged for shares of a newly issued class of exchangeable shares of Solect. The exchangeable shares entitle holders to dividends and other rights economically equivalent to our ordinary shares, including the right, through a voting trust, to vote at our shareholder meetings. The exchangeable shares are exchangeable at the option of the holders into our ordinary shares on a one-for-one basis. The total purchase price of $1,087.7 million consisted of the issuance of 13,846,302 exchangeable shares, the grant of options to purchase 1,653,662 ordinary shares and transaction costs. We have since renamed Solect, Amdocs Canada, Inc.

On November 28, 2001, we purchased from Nortel Networks Corporation substantially all of the assets of its Clarify business ("Clarify"), a leading provider of CRM software to communications companies and other enterprise sectors. This acquisition positioned us as a leading provider of CRM software to the communications industry and, through our addition of Clarify's CRM software to our CC&B Systems offerings, reinforced our leadership in delivering a comprehensive portfolio of business software applications. Following the acquisition, we have continued to sell Clarify's CRM software to customers other than communication service providers. Although these customers are not the primary focus of our business, we believe that revenue from such customers will slightly increase over time. The total purchase price for Clarify, as of September 30, 2002, was $212.0 million in cash, including transaction costs of $8.3 million. The purchase price was subject to final price adjustments that were settled in October 2002 and resulted in an $11.3 million reduction of the purchase price to $200.7 million in the first quarter of fiscal 2003.

We accounted for the ITDS, Solect and Clarify acquisitions using the purchase method of accounting. We have included the fair market value of the assets and liabilities acquired in these transactions in our balance sheet and the results of operations for the acquired entities in our consolidated statements of operations as of the closing date of each acquisition. In each case, we obtained a valuation of the intangible assets acquired. The value of the acquired technology included both existing technology and in-process research and development. The valuation of these items was estimated by applying the income forecast method, which considered the present value of cash flows by product lines. We amortized the fair value of existing technology products over two years, commencing as of the closing date of the applicable acquisition. We charged as an expense in-process research and development immediately following the completion of each acquisition in accordance with FASB Interpretation No. 4, "Applicability of FASB Statement No. 2 to Business Combinations Accounted for by the Purchase Method", because in each case such technology had not reached technological feasibility and had no alternative use. We are amortizing the fair value of customer arrangements and workforce-in-place over five years in the case of ITDS and three years in the case of Solect and Clarify. These amortizations commenced on the closing date of the applicable acquisition.

The excess of the purchase price over the fair value of the net assets acquired constitutes goodwill. We began amortizing goodwill from the ITDS acquisition over a 15-year period and from the Solect acquisition over a five-year period, in each case commencing on the closing date of the applicable acquisition. According to the transition provisions of SFAS No. 142, goodwill for acquisitions completed subsequent to June 30, 2001 is not amortized and goodwill for acquisitions completed prior to June 30, 2001 is amortized only through September 30, 2002. See the discussion above under the caption "Adoption of New Accounting Standards". In accordance with these provisions, the goodwill relating to the Clarify acquisition has been not amortized. Commencing October 1, 2002, as a result of our adoption of SFAS No. 142, we will cease amortizing goodwill related to the ITDS and Solect acquisitions and all goodwill will be subject to periodic impairment tests. Also effective October 1, 2002, we adopted SFAS No. 141 for acquisitions prior to July 1, 2001, which requires us to reclassify to goodwill certain other intangible assets, such as workforce-in-place. The amount assigned to Clarify goodwill was subject to possible purchase price adjustments and other contingencies, which were settled in October 2002, as discussed above.

No further investments were made in the projects written-off in our acquisitions.

For more information on our acquisitions, see Note 3 to the consolidated financial statements included in this document.

RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

Our research and development activities involve the development of new software modules and product offerings in response to an identified market demand, either in conjunction with a customer project or as part of our internal product development programs. We also expend additional amounts on applied research and software development activities to keep abreast of new technologies in the communications markets and to provide new and enhanced functionality to our existing product offerings. Research and development expenditures were $124.1 million, $105.8 million and $74.9 million in the fiscal years ended September 30, 2002, 2001 and 2000, respectively, representing 7.7%, 6.9% and 6.7%, respectively, of our revenue in these fiscal years. We believe that our research and development efforts are a key element of our strategy and are essential to our success. Although we intend to continue to devote resources to research and development as required to maintain and further strengthen our market position, our research and development budget, like all of our costs, is sensitive to our overall financial condition. A decrease in our total revenue could, in certain circumstances, lead to reductions in the levels of our research and development expenditures.

We regard significant portions of our software products and systems as proprietary. We rely on a combination of statutory and common law copyright, trademark and trade secret laws, customer licensing agreements, employee and third-party nondisclosure agreements and other methods to protect our proprietary rights. We generally enter into confidentiality agreements with our employees, consultants, subcontractors, customers and potential customers and limit access to, and distribution of, our proprietary information. We believe that the sophistication and complexity of our BSS offerings make it very difficult to copy such information or to subject such information to unauthorized use. We maintain sole ownership of our software products.

CONVERTIBLE NOTES

In May 2001 we issued $500.0 million aggregate principal amount of 2% Convertible Notes due June 1, 2008 (the "Notes"). We are obligated to pay interest on the Notes semi-annually on June 1 and December 1 of each year. The Notes are our senior unsecured obligations and rank equal in right of payment with all of our existing and future senior unsecured indebtedness. The Notes are convertible, at the option of the holders at any time before the maturity date, into our ordinary shares at a conversion rate of 10.8587 shares per $1,000 principal amount of Notes, representing a conversion price of approximately $92.09 per share. The Notes are subject to redemption at any time on or after June 1, 2006, in whole or in part, at our option, at a redemption price of 100% of the principal amount plus accrued and unpaid interest. The Notes are subject to repurchase, at the holder's option, on June 1, 2004 and June 1, 2006, at a repurchase price equal to 100% of the principal amount plus accrued and unpaid interest, if any, on such repurchase date. We may choose to pay the repurchase price in cash, ordinary shares or a combination of cash and ordinary shares.

On July 23, 2002, our Board of Directors authorized us to repurchase Notes, in such amounts, at such prices and at such times considered appropriate. Such repurchases may be made on the open market, in privately negotiated transactions or otherwise, in accordance with any applicable laws and the terms of the Notes. As of September 30, 2002, we had repurchased $54.9 million aggregate principal amount of the Notes, at an average price of $890 per $1,000 principal amount. We funded these repurchases, and intend to fund any future repurchases, with available funds. As of September 30, 2002, $445.1 million aggregate principal amount of the Notes was outstanding.

SHARE REPURCHASE PROGRAM

In November 2001, our Board of Directors approved a twelve-month share repurchase program, authorizing the repurchase of up to 11 million of our ordinary shares, or approximately 5% of our outstanding ordinary shares as of that date. In April 2002, our Board of Directors expanded the stock repurchase plan to authorize the purchase of up to 20 million shares, or approximately 9% of our then outstanding ordinary shares. Under the program, from time to time through November 2002, we were authorized to repurchase shares on the open market, in privately negotiated transactions or otherwise, in accordance with any applicable laws, and at times and prices as we deemed appropriate. During 2002 we repurchased 7.7 million of our ordinary shares at a weighted average price of $14.13 per share. We funded these repurchases, and intend to fund any future repurchases, with available funds.

INVESTMENT

In January 2001 we formed Certen Inc. ("Certen") with Bell Canada to provide customer care and billing solutions to Bell Canada and some of its affiliated companies. Certen is owned 90% by Bell Canada and 10% by us. Commencing on the 30-month anniversary of the transaction, convertible debentures issued by Certen to us will be convertible into an additional 35% ownership interest in Certen. Our relative ownership interests might be modified further through the exercise of a series of contractual rights, commencing on the 30-month anniversary of the transaction. We are providing the customer care and billing software required by Certen, including customization, installation, maintenance and other services. We account for our investment in Certen under the cost method.

ADJUSTMENT TO THE BASIS OF INVESTMENTS

In fiscal 2002, we recorded pretax charges of $5.5 million to adjust the carrying value of two investments, accounted for by us under the cost method. In fiscal 2001, we recorded pretax charges of $6.8 million to adjust the carrying value of four investments, accounted for by us under the cost method. We periodically monitor the economic and financial aspects of our interests in all of our investments. Following these adjustments, as of September 30, 2002, our only remaining investment accounted for under the cost method was Certen.

OPERATING RESULTS

The following table sets forth for the fiscal years ended September 30, 2002, 2001 and 2000 certain items in our consolidated statements of operations reflected as a percentage of total revenue:

	YEAR ENDED SEPTEMBER 30,					
	2002		2001		2000	
	PRO FORMA(*)	AS REPORTED	PRO FORMA(*)	AS REPORTED	PRO FORMA(*)	AS REPORTED
Revenue:						
License	9.5%	9.5%	11.2%	11.2%	11.2%	11.2%
Service	90.5	90.5	88.8	88.8	88.8	88.8
	100.0	100.0	100.0	100.0	100.0	100.0
Operating expenses:						
Cost of license	0.3	0.3	0.4	0.4	0.5	0.5
Cost of service	57.5	57.5	55.3	55.3	57.2	57.2
Research and development	7.7	7.7	6.9	6.9	6.7	6.7
Selling, general and administrative	13.9	13.9	12.7	12.7	12.3	12.3
Amortization of goodwill and purchased intangible assets	--	14.4	--	14.3	--	9.9
Restructuring charges, in-process research and development and other indirect acquisition-related costs	--	3.2	--	--	--	6.8
	79.4	97.0	75.3	89.6	76.7	93.4
Operating income	20.6	3.0	24.7	10.4	23.3	6.6
Interest income and other, net	0.8	1.2	1.4	1.4	1.0	1.0
Income before income taxes	21.4	4.2	26.1	11.8	24.3	7.6
Income taxes	6.0	4.6	7.8	7.5	7.3	7.1
Net (loss) income	15.4%	(0.3)%	18.3%	4.3%	17.0%	0.5%

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(*) The above pro forma financial information regarding our operating results is provided as a complement to results reported in accordance with accounting principles generally accepted in the United States. We use this pro forma financial information in our internal analysis because it enables us to consistently analyze the critical components and results of operations and to have a meaningful comparison to prior years. This pro forma financial information excludes (i) amortization of goodwill and purchased intangible assets, (ii) for fiscal 2002 and 2000 only, $17.4 million and $75.6 million, respectively, for purchased in-process research and development and other indirect acquisition-related costs, attributable to our acquisitions, (iii) for fiscal 2002 only, $13.3 million for a nonrecurring charge related to the consolidation of data centers and the resulting closure of our Stamford, Connecticut facility, $20.9 million for restructuring charge related to the cost reduction program, (iv) for fiscal 2002 only, $6.0 million gain attributable to the repurchase of Notes and (v) all related tax effects attributable to the above of $23.3 million, $5.3 million and $2.6 million for fiscal 2002, 2001 and 2000, respectively. We refer to the items in clauses (i) and (ii) collectively, as the "acquisition-related charges".

FISCAL YEARS ENDED SEPTEMBER 30, 2002 AND 2001

Revenue. Total revenue for the year ended September 30, 2002 was $1,613.6 million, an increase of $79.7 million, or 5.2%, over fiscal 2001. This growth rate was significantly less than the 37.2% revenue increase we had been able to achieve between fiscal 2000 and 2001, primarily as a result of the pronounced decrease in our CC&B Systems revenue in the second half of fiscal 2002, partially offset by revenue attributable to our acquisition of Clarify. While CC&B Systems revenue levels in the first six months of fiscal 2002 were 23.8% higher than revenue levels for CC&B Systems in the comparable period of fiscal 2001, and 6.3% higher sequentially based on a comparison of our second to our first fiscal quarters of 2002, CC&B Systems revenue declined significantly in the second six months of fiscal 2002. The Company experienced a $130.6 million, or 16.6%, decline in revenue from our CC&B Systems between the first half and second half of fiscal 2002 and sequential declines of $65.9 million or 16.3% and $23.0 million or 6.8%, between the second and third fiscal quarters and third and fourth fiscal quarters of 2002, respectively.

The recent quarterly trends in our total revenue are summarized below (in millions):

	Q1	Q2	Q3	Q4
Fiscal 2002....................................	$422.6	$455.3	$380.1	$355.5
Fiscal 2001....................................	$342.2	$372.3	$404.0	$415.4

As of January 31, 2003 we expect that total revenue for the first half of fiscal 2003 will be in the range of $672 million to $679 million. We are unable at this time to forecast beyond the first half of fiscal 2003. We could experience stabilization of revenue levels or additional revenue softness in future quarters. However, we expect that our revenue in fiscal 2003 will be lower than in fiscal 2002.

License revenue decreased from $171.4 million in the year ended September 30, 2001 to $153.7 million in the year ended September 30, 2002, a decrease of 10.4%, while service revenue increased 7.2% to $1,459.9 million in the year ended September 30, 2002 from $1,362.5 million in the year ended September 30, 2001. The decrease in license revenue and the smaller than expected growth in service revenue are attributable primarily to the slowdown in customer buying decisions in the second half of fiscal 2002, stemming from overall reductions in the capital investment budgets of many communications service providers. This reduction in investment by our customers has resulted in our obtaining fewer new contracts than expected and smaller than expected initial spending commitments under contracts with some of our customers. The smaller than anticipated increase in service revenue is also attributable, in part, to reduced discretionary spending under our contracts with some of our customers in the second half of fiscal 2002.

Total CC&B Systems revenue for the year ended September 30, 2002 was $1,440.0 million, an increase of $60.3 million, or 4.4%, over fiscal 2001. During fiscal 2002, the demand for our CC&B Systems was primarily driven by the need for communications companies to continue to upgrade their customer care and billing, CRM software and order management systems in response to competition in the subscriber markets, the need to offer new data services and the need to improve productivity and operational efficiency. In addition, demand for our CC&B Systems was enhanced by our acquisition of Clarify, which added Clarify's CRM software to our CC&B Systems offerings. As a result of the Clarify acquisition, we derived a portion of our CC&B Systems revenue in fiscal 2002 from customers other than communications service providers. For the year ended September 30, 2002, $59.9 million of our CC&B Systems revenue was attributable to such customers. Although our business is not focused on such non-communications service provider customers, we believe that revenue from such customers will slightly increase over time.

Revenue from Directory Systems was $173.6 million for the year ended September 30, 2002, an increase of $19.3 million, or 12.5%, over fiscal 2001. The increase is attributable primarily to extensions of agreements with and additional services rendered to existing customers.

In the year ended September 30, 2002, revenue from customers in North America, Europe and the rest of the world accounted for 61.9%, 28.9% and 9.2%, respectively, compared to 53.8%, 35.8% and 10.4%, respectively, for fiscal 2001. The growth in North American revenue in the year ended September 30, 2002, was attributable primarily to increased activity from existing customers.

Cost of License. Cost of license for the year ended September 30, 2002 was $5.1 million, a decrease of $0.6 million, or 10.6%, over the cost of license for fiscal 2001. Cost of license includes amortization of purchased computer software and intellectual property rights, and is decreasing as a result of our amortizing on a faster than straight-line basis.

Cost of Service. Cost of service for the year ended September 30, 2002 was $928.3 million, an increase of $80.7 million, or 9.5%, over the cost of service of $847.6 million for fiscal 2001. As a percentage of revenue, cost of service increased to 57.5% in fiscal 2002 from 55.3% in fiscal 2001. The increase in cost of service as a percentage of revenue is attributable to the decrease in license revenue and the slight decrease in the gross margin of our service revenue in the second half of fiscal 2002. As a result of general economic and other factors negatively impacting our markets, we took steps to decrease our costs. See the discussion above under the caption "Operational Efficiency and Cost Reduction Program".

Research and Development. Research and development expense was primarily comprised of compensation expense attributable to research and development activities, either in conjunction with customer projects or as part of our internal product development program. For the year ended September 30, 2002, research and development expense was $124.1 million, or 7.7% of revenue, compared with $105.8 million, or 6.9% of revenue, in fiscal 2001. The increase in expense reflects ongoing expenditures primarily for CC&B Systems. Our research and development budget, like all of our costs, is sensitive to our overall financial condition. A decrease in our total revenue could, in certain circumstances, lead to reductions in the levels of our research and development expenditures. See the discussion above under the caption "Research and Development, Patents and Licenses".

Selling, General and Administrative. Selling, general and administrative expense was primarily comprised of compensation expense and increased by 14.3% to $223.6 million, or 13.9% of revenue, in the year ended September 30, 2002 from $195.6 million, or 12.7% of revenue, in fiscal 2001. The increase in selling, general and administrative expense as a percentage of revenue is attributable primarily to the increase in our selling and marketing efforts in fiscal 2002 and, to a lesser degree, to the reduction in our revenue growth, which was not offset by a corresponding decrease in our selling, general and administrative expense.

Amortization of Goodwill and Purchased Intangible Assets. Amortization of goodwill and purchased intangible assets for the year ended September 30, 2002 was $231.8 million, compared to $220.0 million in fiscal 2001. The increase in amortization expense in fiscal 2002 is due to non-goodwill related amortization resulting from the Clarify acquisition. In accordance with SFAS No. 142, goodwill related to Clarify, an acquisition completed after July 1, 2001, is not amortized, but is subject to periodic impairment tests. For acquisitions completed prior to July 1, 2001, under SFAS No. 142 amortization of goodwill and certain other intangibles, such as workforce-in-place, will cease on October 1, 2002. In fiscal 2002 and 2001, total amortization related to such goodwill and workforce-in-place was $204.6 million. Effective as of October 1, 2002, we adopted SFAS No. 142 and goodwill related to our acquisitions will no longer be amortized. Instead, any such goodwill will be subject only to the same periodic impairment tests now applicable to Clarify-related goodwill. See the discussion above under the caption "Acquisitions".

Restructuring Charges, In-Process Research and Development and Other Indirect Acquisition-Related Costs. Restructuring charges, in-process research and development and other indirect acquisition-related costs in fiscal 2002 consisted of a one-time charge of $17.4 million for write-off of purchased in-process research and development resulting from the Clarify transaction, a nonrecurring charge of $13.3 million related to the consolidation of data centers and the resulting closure of our Stamford, Connecticut facility and a restructuring charge of $20.9 million related to the cost reduction program we implemented in the fourth quarter of fiscal 2002. See the discussion above under the caption "Operational Efficiency and Cost Reduction Program".

Operating Income. Operating income for the year ended September 30, 2002, was $49.2 million, compared to $159.3 million for fiscal 2001, a decrease of 69.1%. The decrease resulted primarily from the reduction in our revenue growth in fiscal 2002, which was not offset by a corresponding decrease in our costs, as well as from the Clarify acquisition-related charges and the restructuring charges resulting from the Stamford facility closing and the implementation of our cost reduction program. Pro forma operating income for the year ended September 30, 2002, excluding acquisition-related charges and the restructuring charges, was $332.6 million, or 20.6% of revenue, compared to $379.3 million, or 24.7% of revenue, for fiscal 2001, a decrease of 12.3%.

Interest Income and Other, Net. For the year ended September 30, 2002, interest income and other, net, was $19.3 million, a decrease of $3.0 million from fiscal 2001. The decrease in interest income and other, net, is primarily attributable to the full-year interest expense and amortization of debt issuance costs related to our Notes, compared to four months of these costs in fiscal 2001. The decrease in interest income and other, net, was partially offset by gain of $6.0 million from the repurchase of our Notes. See the discussion above under the caption "Convertible Notes".

Income Taxes. Income taxes for the year ended September 30, 2002 were $73.5 million on pretax income of $68.5 million. Our blended effective tax rate for fiscal 2002 was 107%, resulting from the non-cash amortization of goodwill related to acquisitions, much of which is not tax deductible. See the discussion below under the caption "Effective Tax Rate". The pro forma effective tax rate for the year ended September 30, 2002, excluding the acquisition-related charges, the restructuring charges resulting from the Stamford facility closing, the implementation of our cost reduction program and the gain from the repurchase of our Notes, was 28%. For the year ended September 30, 2001, income taxes were $115.2 million on income before income taxes of $181.6 million. The blended effective tax rate for fiscal 2001 was 63% (due to non-cash amortization of goodwill related to acquisitions, much of which is not tax deductible) and the pro forma effective tax rate for such period, excluding acquisition-related charges, was 30%.

Net (Loss) Income. We incurred a net loss of $5.1 million in the year ended September 30, 2002, compared to net income of $66.4 million in fiscal 2001. The net loss in fiscal 2002 resulted primarily from a decrease in our license revenue and the reduction in our revenue growth in fiscal 2002, which was not offset by a corresponding decrease in our costs, as well as from the Clarify acquisition-related charges and the restructuring charges resulting from the Stamford facility closing and the implementation of the cost reduction program. We expect that our adoption of SFAS No. 142 as of October 1, 2002 will have a positive impact on our results of operations in fiscal 2003. As a result of the adoption, we will no longer be required to amortize the goodwill from any of our acquisitions made prior to July 1, 2001. Instead, any such goodwill will be subject only to periodic impairment tests, as is the case currently for the goodwill from the Clarify acquisition. See the discussion above under the caption "Acquisitions". Pro forma net income for the year ended September 30, 2002, excluding the acquisition-related charges, the restructuring charges resulting from the Stamford facility closing and the implementation of our cost reduction program, the gain from the repurchase of our Notes and tax effects related to these items, decreased by 11.4% from fiscal 2001, to $249.0 million, representing 15.4% of revenue. The decrease in our pro forma net income was due to a decrease in our revenue growth in the year ended September 30, 2002, caused by a significant slowdown in our market in the second half of fiscal 2002, which was not offset by a corresponding decrease in the growth of our costs.

Set forth below is the effect of non-amortization of goodwill and workforce-in-place (in millions, except per share data):

	FOR THE YEAR ENDED SEPTEMBER 30,	
	2002	2001
Reported net (loss) income	$ (5.1)	$ 66.4
Add back: goodwill and workforce-in-place amortizations	204.6	204.6
Attributable tax effect	(2.7)	(2.7)
Adjusted net income	$196.8	$268.3
Adjusted basic earnings per share	$ 0.89	$ 1.21
Adjusted diluted earnings per share	$ 0.88	$ 1.18

Diluted (Loss) Earnings Per Share. Diluted loss per share was $0.02 for the year ended September 30, 2002, compared to diluted earnings per share of $0.29 in fiscal 2001. Pro forma diluted earnings per share for the year ended September 30, 2002, excluding the acquisition-related charges, the restructuring charges resulting from the Stamford facility closing and the implementation of the cost reduction program and the gain from the repurchase of our Notes and tax effects related to these items, decreased by 9.7% from fiscal 2001, to $1.12 per diluted share. Excluding acquisition-related charges, our pro forma earnings per share in the first quarter of fiscal 2003 was $0.20, and as of January 31, 2003, we expect that our pro forma earnings per share in the second quarter of fiscal 2003 will be in the range of $0.18 to $0.20. See the discussion above under the caption "Operational Efficiency and Cost Reduction Program".

FISCAL YEARS ENDED SEPTEMBER 30, 2001 AND 2000

Revenue. Total revenue for the year ended September 30, 2001 was $1,533.9 million, an increase of $415.6 million, or 37.2%, over fiscal 2000. The increase in revenue was due to continued growth in the demand for our CC&B Systems solutions in our traditional target markets of high-end and mid-tier communications companies. License revenue increased from $124.8 million in the year ended September 30, 2000 to $171.4 million during fiscal 2001, an increase of 37.3%, and service revenue increased 37.1% from $993.5 million in the year ended September 30, 2000 to $1,362.5 million in fiscal 2001.

Total CC&B Systems revenue for the year ended September 30, 2001 was $1,379.7 million, an increase of $393.1 million, or 39.8%, over fiscal 2000. In the year ended September 30, 2001, the demand for our CC&B Systems was primarily driven by the need for communications companies to upgrade their customer care and billing, CRM and order management systems in response to competition in the subscriber markets, the need to offer convergent and IP services, and the need to improve productivity and operational efficiency.

Revenue from Directory Systems was $154.2 million for the year ended September 30, 2001, an increase of $22.5 million, or 17.1%, over fiscal 2000. The increase was attributable primarily to extensions of agreements with and additional services rendered to existing customers.

In the year ended September 30, 2001, revenue from customers in North America, Europe and the rest of the world accounted for 53.8%, 35.8% and 10.4%, respectively, compared to 45.6%, 42.4% and 12.0%, respectively, in fiscal 2000. The growth in North America was attributable primarily to revenue we had gained from forming or expanding relationships with new or existing customers in fiscal 2001.

Cost of License. Cost of license for fiscal 2001 was $5.7 million, which was approximately equal to the cost of license in the prior fiscal year. Cost of license included amortization of purchased computer software and intellectual property rights.

Cost of Service. Cost of service for fiscal 2001 was $847.6 million, an increase of $207.7 million, or 32.5%, over the cost of service of $639.9 million for the year ended September 30, 2000. As a percentage of revenue, cost of service decreased to 55.3% in the year ended September 30, 2001 from 57.2% in fiscal 2000. The decrease in cost of service as a percentage of revenue was primarily due to increases in our operational efficiency in the year ended September 30, 2001. In the second half of fiscal 2001, we adopted a plan to increase the efficiency of our operations and lower costs by reducing discretionary expenses. As a result of this plan, we were able to reduce the growth rate of our costs and achieve greater operational efficiency in fiscal 2001.

Research and Development. Research and development expense was primarily comprised of compensation expense attributable to research and development activities, either in conjunction with customer projects or as part of our internal product development programs. In the year ended September 30, 2001, research and development expense was $105.8 million, or 6.9% of revenue, compared with $74.9 million, or 6.7% of revenue, in the previous fiscal year. The increase represented ongoing expenditures primarily for CC&B Systems.

Selling, General and Administrative. Selling, general and administrative expense was primarily comprised of compensation expense and increased by 42.8% to $195.6 million, or 12.7% of revenue, in the year ended September 30, 2001, from $137.0 million, or 12.3% of revenue, in fiscal 2000. The increase was attributable primarily to increases in our selling and marketing efforts in the year ended September 30, 2001.

Amortization of Goodwill and Purchased Intangible Assets. Amortization of goodwill and purchased intangible assets for the year ended September 30, 2001 was $220.0 million, compared to $111.2 million in fiscal 2000. Amortization of goodwill and purchased intangible assets relates to the acquisitions of ITDS and Solect. The increase in amortization of goodwill and purchased intangible assets in fiscal 2001 was due to the full-year amortization period applied in fiscal 2001 compared to a shorter amortization period in fiscal 2000.

In-process Research and Development and Other Indirect Acquisition-Related Costs. No in-process research and development and other indirect acquisition-related costs were incurred in fiscal 2001. In fiscal 2000 such costs consisted of a nonrecurring charge of $75.6 million related to the acquisitions of ITDS and Solect.

Operating Income. Operating income in the year ended September 30, 2001 was $159.3 million, compared to $74.1 million in fiscal 2000, an increase of 115%, primarily due to the effect of a nonrecurring charge for write-off of purchased in-process research and development related to the acquisitions of ITDS and Solect in fiscal 2000. Pro forma operating income for the year ended September 30, 2001, excluding ITDS and Solect acquisition-related charges, was $379.3 million, or 24.7% of revenue, compared to $260.9 million, or 23.3% of revenue, for fiscal 2000, an increase of 45.4%.

Interest Income and Other, Net. In the year ended September 30, 2001, interest income and other, net, was $22.3 million, an increase of $11.6 million over fiscal 2000. The increase in interest income and other, net, was primarily attributable to the increase in our cash equivalents and short-term interest-bearing investments partially offset by overall interest rate declines.

Income Taxes. Income taxes in the year ended September 30, 2001 were $115.2 million on income before income taxes of $181.6 million. Our effective tax rate in the year ended September 30, 2001 was 63%, resulting from the non-cash amortization of goodwill related to the ITDS and Solect acquisitions, much of which is not tax deductible. In the year ended September 30, 2000, income taxes were $78.9 million on income before income taxes of $84.9 million. In the year ended September 30, 2000, the effective tax rate (based on the ratio between income taxes and income before income taxes, excluding nonrecurring charges for write-offs of purchased in-process research and development and other indirect acquisition-related costs) was 49%. The pro forma effective tax rate for fiscal 2001 and 2000, excluding ITDS and Solect acquisition-related charges, was 30%. See the discussion below under the caption "Effective Tax Rate".

Net Income. Net income was $66.4 million in the year ended September 30, 2001, compared to net income of $6.0 million in the previous fiscal year. Pro forma net income in fiscal 2001, excluding ITDS and Solect acquisition-related charges, increased by 47.8% over fiscal 2000, reaching $281.1 million, representing 18.3% of revenue.

Diluted Earnings per Share. Diluted earnings per share were $0.29 for the year ended September 30, 2001, compared to $0.03 in fiscal 2000. Pro forma diluted earnings per share in the year ended September 30, 2001, excluding ITDS and Solect acquisition-related charges, increased by 40.9% from the year ended September 30, 2000, reaching $1.24 per diluted share.

LIQUIDITY AND CAPITAL RESOURCES

Cash, cash equivalents and short-term interest-bearing investments totaled $1,047.8 million as of September 30, 2002, compared to $1,110.1 million as of September 30, 2001. The decrease is attributable primarily to the use of $371.4 million in cash to acquire Clarify and to repurchase our shares and Notes, which was partially offset by positive cash flows from operations. Net cash provided by operating activities amounted to $412.3 million for fiscal 2002 and $338.0 million for fiscal 2001. The increase in cash flows from operations was primarily due to a decrease in working capital. We currently intend to retain our future operating cash flows to support the further expansion of our business including new outsourcing deals and acquisitions, although we may also use a portion of our cash for future repurchases of our outstanding securities. See the discussions above under the captions "Share Repurchase Program" and "Convertible Notes".

As of September 30, 2002, we had positive working capital of $938.6 million, compared to positive working capital of $1,059.9 million as of September 30, 2001. The decrease is attributable primarily to cash paid for the acquisition of Clarify and the implementation of our share and Notes repurchase programs. We believe that our current cash balances, cash generated from operations and our current lines of credit will provide sufficient resources to meet our liquidity needs for the next fiscal year.

As of September 30, 2002, $445.1 million aggregate principal amount of the Notes was outstanding. In July 2002, our Board of Directors authorized us to repurchase outstanding Notes, in such amounts, at such prices and at such times considered appropriate by us. During the fourth quarter of fiscal 2002 we repurchased $54.9 million aggregate principal amount of the Notes. We funded these repurchases, and intend to fund any future repurchases, with available funds. On June 1, 2004, the holders of our Notes may require us to redeem their Notes. See the discussion above under the caption "Convertible Notes".

As of September 30, 2002, we had available short-term general revolving lines of credit totaling $40.0 million, none of which were outstanding. In addition, as of September 30, 2002 we had credit facilities totaling $43.8 million, limited for the use of letters of credit and bank guarantees from various banks. Outstanding letters of credit and bank guarantees as of September 30, 2002 totaled $24.5 million. These were mostly supported by a combination of the credit facilities described above and compensating cash balances that we maintain with the issuing banks.

As of September 30, 2002, we had outstanding long-term obligations of $25.5 million in connection with leasing arrangements.

The following table summarizes our contractual obligations as of September 30, 2002 and the effect such obligations are expected to have on our liquidity and cash flows in future periods, (in millions):

	CASH PAYMENTS DUE BY PERIOD				
CONTRACTUAL OBLIGATIONS	TOTAL	LESS THAN 1 YEAR	1-3 YEARS	4-5 YEARS	OVER 5 YEARS
Convertible notes(*)	$445.1	$ --	$445.1	$ --	$ --
Capital lease obligations	25.5	10.3	13.0	2.2	--
Non-cancelable operating leases	204.2	43.8	77.2	56.8	26.4
	$674.8	$54.1	$535.3	$59.0	$26.4

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(*) June 1, 2004 is the earliest date that the holders of Notes may require us to redeem their Notes. See the discussion above under the caption "Convertible Notes".

Our capital expenditures were approximately $59 million in fiscal 2002. These expenditures consisted primarily of purchases of computer equipment and, to a lesser degree, vehicles and leasehold improvements. We funded our capital expenditures principally from operating cash flows and capital leasing arrangements. We do not anticipate any changes to this policy in the foreseeable future.

Our accounts receivable allowance for fiscal 2002 was adjusted upward by approximately $22.1 million, from the allowance as of September 30, 2001. The increase in our accounts receivable allowance is primarily a result of our purchase accounting treatment of the Clarify acquisition as well as allowances for instances where collectibility was not reasonably assured.

NET DEFERRED TAX ASSETS

As of September 30, 2002, deferred tax assets of $10.7 million derived primarily from carry-forward net operating losses derived by our Canadian subsidiary were offset by valuation allowances due to the uncertainty of realizing any tax benefit for such losses. When realization of the tax benefits associated with such net operating losses is deemed probable, the valuation allowance will be released. In September 2002 we have released valuation allowances of deferred tax assets derived from carry-forward operating losses relating to losses incurred by Solect prior to our acquisition of that company in April 2000, resulting in an offsetting reduction of the goodwill recorded in the Solect acquisition of approximately $9.0 million. The release of these valuation allowances was made based on our estimation that we will be able to realize the tax benefits associated with those net operating losses.

EFFECTIVE TAX RATE

Our blended effective tax rate was 107% for the year ended September 30, 2002, compared to 63% for fiscal 2001. These high effective tax rates were primarily attributable to amortization of goodwill related to our acquisitions, much of which is not tax deductible. In the year ended September 30, 2002 our effective tax rate was also adversely affected by the fixed non-deductible expenditures representing a larger component of our pretax income. Our overall pro forma effective tax rate for fiscal year 2002 was 28% compared to our historical pro forma effective tax rate of 30%, due to the corporate income tax rates in the various countries in which we operate and changes in the relative magnitude of our business in those countries.

We expect a reduction in our pro forma effective tax rate in fiscal 2003 from 28% to 25%. The reduction is due to our continued expansion into countries with lower effective tax rates.

CRITICAL ACCOUNTING POLICIES

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent liabilities. On a regular basis, we evaluate and may revise our estimates. We base our estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities, that are not readily apparent. Actual results could differ materially from the estimates under different assumptions or conditions.

We believe that the estimates, assumptions and judgments involved in the accounting policies described below have the greatest potential impact on our financial statements, so we consider these to be our critical accounting policies. These policies require that we make estimates in the preparation of our financial statements as of a given date.

Our critical accounting policies are as follows:

- Revenue recognition and contract accounting

- Doubtful accounts

- Tax accounting

- Derivative and hedge accounting

- Realizability of long-lived assets

Below, we discuss these policies further, as well as the estimates and judgments involved. We also have other key accounting policies. We believe that, compared to the critical accounting policies listed above, the other policies either do not generally require us to make estimates and judgments that are as difficult or as subjective, or it is less likely that they would have a material impact on our reported results of operations for a given period.

REVENUE RECOGNITION AND CONTRACT ACCOUNTING

Our revenue recognition policy is significant because our revenue is a key component of our results of operations. We follow very specific and detailed guidelines, several of which are discussed above, in measuring revenue; however, certain judgments affect the application of our revenue recognition policy.

A significant portion of our revenue is recognized over the course of long-term projects, under the percentage of completion method of accounting. The percentage of completion method requires significant judgment, such as estimations of progress-to-completion, contract revenue and contract costs.

Our revenue recognition policy takes into consideration the creditworthiness and past transaction history of each customer in determining the probability of collection as a criterion of revenue recognition. This determination requires the exercise of judgment, which affects our revenue recognition. If we determine that collection of a fee is not reasonably assured, we defer the revenue recognition until the time collection becomes reasonably assured, which is generally upon receipt of cash.

For arrangements with multiple obligations, we allocate revenue to each component based upon its fair value, which is determined in reliance on the specific objective evidence for that element. Such determination is judgmental and is typically based on normal pricing and discounting practices for those elements in similar arrangements.

Revenue from third-party hardware and software sales is recorded at a gross or net amount according to certain indicators. The application of these indicators for gross and net reporting of revenue depends on the relative facts and circumstances and requires significant judgment.

DOUBTFUL ACCOUNTS

The allowance for doubtful accounts is for estimated losses resulting from the inability of our customers to make required payments. We evaluate accounts receivable to determine if they will ultimately be collected. In performing this evaluation, significant judgments and estimates are involved, such as past experience, credit quality of the customer, age of the receivable balance and current economic conditions that may affect a customer's ability to pay. If collection is not reasonably assured at the time the transaction is consummated, we do not recognize revenue until collection becomes reasonably assured. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The allowance for doubtful accounts is established through a charge to selling, general and administrative expenses.

TAX ACCOUNTING

As part of the process of preparing our consolidated financial statements we are required to estimate our income tax expense in each of the jurisdictions in which we operate. In the ordinary course of a global business, there are many transactions and calculations where the ultimate tax outcome is uncertain. Some of these uncertainties arise as a consequence of revenue sharing and reimbursement arrangements among related entities, the process of identifying items of revenue and expenses that qualify for preferential tax treatment and segregation of foreign and domestic income and expense to avoid double taxation. This process involves us estimating our actual current tax exposure together with assessing temporary differences resulting from differing treatment of items, such as deferred revenue, for tax and accounting differences. These differences result in deferred tax assets and liabilities, which are included within our consolidated balance sheet. We record a valuation allowance to reduce our deferred tax assets to the amount of future tax benefit that is more likely than not to be realized.

Although we believe that our estimates are reasonable and that we have considered future taxable income and ongoing prudent and feasible tax strategies in estimating our tax outcome and in assessing the need for the valuation allowance, there is no assurance that the final tax outcome and the valuation allowance will not be different than those which are reflected in our historical income tax provisions and accruals. Such differences could have a material effect on our income tax provision, net income and cash balances in the period in which such determination is made.

DERIVATIVE AND HEDGE ACCOUNTING

Approximately 10% of our revenue and 35% of our operating expenses (excluding acquisition-related charges and restructuring charges) are not denominated in U.S. dollars or linked to the U.S. dollar. We enter into foreign exchange forward contracts to hedge a significant portion of our foreign currency exposure to minimize fluctuations in revenue and expenses. The majority of our hedging arrangements are classified as cash flow hedges. Accordingly, changes in the fair value of these forward exchange contracts are recorded in other comprehensive Income. We estimate the fair value of such derivative contracts by reference to forward and spot rates quoted in active markets.

Establishing and accounting for foreign exchange contracts involve judgments, such as determining the nature of the exposure, assessing its amount and timing, and evaluating the effectiveness of the hedging arrangement.

Although we believe that our estimates are accurate and meet the requirement of hedge accounting, actual results differ from these estimates, and such difference could cause fluctuation of our recorded revenue and expenses.

REALIZABILITY OF LONG-LIVED ASSETS

We are required to assess the impairment of long-lived assets, tangible and intangible, on an annual basis, and potentially more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. We assess the impairment based on number of factors, including significant changes in the manner of our use of the acquired assets or the strategy of our overall business, significant negative industry or economic trends and significant decline in our share price for a sustained period.

Upon determination that the carrying value of a long-lived asset may not be recoverable based upon a comparison of fair value to the carrying amount of the asset, an impairment charge is made. We measure fair value based on a projected future cash flow using a discount rate determined by our management to be commensurate with the risk inherent in our current business model.

Within the context of these critical accounting policies, we are not currently aware of any reasonably likely events or circumstances, which would result in materially different amounts being reported.

SUBSEQUENT EVENT

On November 27, 2002 we announced a series of measures designed to reduce costs and improve productivity. As part of this plan, we will reduce our workforce by approximately 400 positions out of a total workforce of 9,000 employees. The reductions will be from different centers around the world. In addition, we will implement other cost reduction measures, including travel cuts and reductions in other discretionary costs.

LITIGATION

Beginning on June 24, 2002, a number of complaints were filed by holders of our ordinary shares against us and four of our officers and directors, in the United States District Courts for the Eastern District of Missouri and the Southern District of New York. The complaints allege violations of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder. Each plaintiff seeks to represent a putative class of all purchasers of our ordinary shares between July 18, 2000 (or, in some of the complaints, July 24, 2001) and June 20, 2002. The complaints generally allege that, during that period, we and the individual defendants made false or misleading statements, in press releases and Securities and Exchange Commission filings, regarding among other things our future prospects, backlog, revenue, gross margin, acquisitions and accounting practices. Each plaintiff seeks unspecified monetary damages and other relief against all defendants. The parties in the New York cases have stipulated to transfer them to the Eastern District of Missouri. The court has recently appointed a lead plaintiff. We dispute the allegations of wrongdoing in these complaints and intend to defend ourself vigorously.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

DIRECTORS AND SENIOR MANAGEMENT

We rely on the executive officers of our principal operating subsidiaries to manage our business. In addition, Amdocs Management Limited, our management subsidiary, performs certain executive coordination functions for all of our operating subsidiaries.

As of January 31, 2003, our directors, senior managers and key employees upon whose work we are dependent were as follows:

NAME	AGE	POSITION
Bruce K. Anderson(1)(3)	62	Chairman of the Board and President, Amdocs Limited
Avinoam Naor(1)(3)	54	Vice Chairman, Amdocs Limited
Charles E. Foster	66	Director, Amdocs Limited
Adrian Gardner(2)	40	Director, Amdocs Limited
James S. Kahan(1)(3)	55	Director, Amdocs Limited
John T. McLennan(2)	57	Director, Amdocs Limited
Robert A. Minicucci(1)(3)	50	Director; Vice President, Amdocs Limited
Mario Segal	55	Director, Amdocs Limited
Dov Baharav(1)(3)	52	Director, Amdocs Limited; President and Chief Executive Officer, Amdocs Management Limited
Eli Gelman	44	Director, Amdocs Limited; Executive Vice President, Amdocs Management Limited
Nehemia Lemelbaum	60	Director, Amdocs Limited; Senior Vice President, Amdocs Management Limited
Ron Moskovitz	39	Chief Financial Officer, Amdocs Management Limited
Nissim Daunov	46	Senior Vice President, Amdocs Management Limited
Thomas G. O'Brien	42	Treasurer and Secretary, Amdocs Limited
Simon Cassif	60	Senior Vice President, Amdocs (UK) Limited
Melinos Pissourios	34	General Manager, Amdocs Development Limited
Kevin Picker	45	Director and General Manager, Amdocs (UK) Limited

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(1) Member of the Executive Committee

(2) Member of Audit Committee

(3) Member of the Compensation Committee

Bruce K. Anderson has been Chairman of the Board of Directors of Amdocs since September 1997 and currently holds the title of President of our holding company, Amdocs Limited. Since August 1978, he has been a general partner of Welsh, Carson, Anderson & Stowe ("WCAS"), an investment firm that specializes in the acquisition of companies in the information services, communications and health care industries. Investment partnerships affiliated with WCAS are collectively one of our largest shareholders. Mr. Anderson served for nine years with Automated Data Processing, Inc. ("ADP") until his resignation as Executive Vice President and a director of ADP, and President of ADP International, effective August 1978. Mr. Anderson serves on the board of Alliance Data Systems, Inc., a publicly held company, and Headstrong, Inc.

Avinoam Naor has been a director of Amdocs since January 1999 and currently holds the title of Vice Chairman of the Board of Directors. Mr. Naor was a member of the team that founded Amdocs in 1982, initially serving as a Senior Vice President. He was appointed President and Chief Executive Officer of Amdocs Management Limited in 1995 and held that position until July 2002. In 1998 he led our initial public offering, and has since directed our major acquisitions and secondary offerings. He has been involved with software development for 29 years.

Charles E. Foster has been a director of Amdocs since December 2001. He was Chairman of the Board of Prodigy Communications Corporation from June until November 2001. From April 1997 until June 2001, Mr. Foster served as Group President of SBC, where he was responsible, at various times, for engineering, network, centralized services, marketing and operations, information systems, procurement, treasury, international operations, wireless services, merger integration, real estate, yellow pages and cable TV operations. SBC International, Inc. ("SBCI"), a wholly owned subsidiary of SBC, is one of our largest shareholders. SBC, together with its affiliates, is a significant customer of ours. Mr. Foster is a member of the Texas Society of Professional Engineers and a director of Storage Technology Corporation, a publicly-traded company engaged in the manufacture of products for storing digital data.

Adrian Gardner has been a director of Amdocs since April 1998. Mr. Gardner is the Chief Financial Officer and a director of Strakan Group, Ltd., a pharmaceuticals company based in the United Kingdom, which he joined in April 2002. Prior to joining Strakan, he was a Managing Director of Lazard LLC, based in London, where he worked with technology- and telecommunications-related companies. Prior to joining Lazard in 1989, Mr. Gardner qualified as a chartered accountant with Price Waterhouse (now PricewaterhouseCoopers). Mr. Gardner is a member of the Institute of Chartered Accountants in England & Wales.

James S. Kahan has been a director of Amdocs since April 1998. He has worked at SBC since 1983, and currently serves as a Senior Executive Vice President, a position he has held since 1992. SBCI, a wholly owned subsidiary of SBC, is one of our largest shareholders. SBC, together with its subsidiaries, is a significant customer of ours. Prior to joining SBC, Mr. Kahan held various positions at several telecommunications companies, including Western Electric, Bell Laboratories, South Central Bell and AT&T.

John T. McLennan has been a director of Amdocs since November 1999. Since May 1999, he has served as Vice-Chair and Chief Executive Officer of AT&T Canada. Mr. McLennan founded and was the President of Jenmark Consulting Inc. from 1997 until May 1999. From 1994 to 1997, Mr. McLennan served as the President and Chief Executive Officer of Bell Canada. Prior to that, he held various positions at several telecommunications companies, including BCE Mobile Communications and Cantel Inc. Mr. McLennan is also a director of Hummingbird Ltd., a Canadian publicly held company engaged in the production of enterprise management software, and of several other private software and communication companies.

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

Mario Segal has been a director of Amdocs since December 2001 and served as a Senior Vice President and the Chief Operating Officer of Amdocs Management Limited until July 2002. He joined Amdocs in 1984 as Senior Vice President and was a leading member of the team that developed the ADS (NG)/Family of Products directory automation systems and the Ensemble platform. Prior to joining Amdocs, Mr. Segal was an account manager for a major North American yellow pages publisher and prior thereto managed the computer department of a major Israeli insurance company, leading large-scale software development projects and strategic planning of automation systems.

Dov Baharav has been a director of Amdocs and the President and Chief Executive Officer of Amdocs Management Limited since July 2002. Mr. Baharav has overall coordination responsibilities for the operations and activities of our operating subsidiaries. In 1991, Mr. Baharav joined Amdocs Inc., our principal U.S. subsidiary, serving as its Vice President and then President in St. Louis, Missouri until 1995. From 1995 until July 2002, Mr. Baharav was a Senior Vice President and the Chief Financial Officer of Amdocs Management Limited. Prior to joining Amdocs, Mr. Baharav served as Chief Operating Officer of Optrotech Ltd., a publicly held company that develops, manufactures and markets electro-optical devices.

Eli Gelman has been a director of Amdocs since July 2002 and is an Executive Vice President of Amdocs Management Limited, where he has responsibility for sales, strategic alliances and corporate and business development. He has more than 26 years of experience in the software industry, including more than 15 years with Amdocs. Prior to his current position, he was a division president, where he headed Amdocs' United States sales and marketing operations and helped spearhead our entry into the CC&B Systems market. Before that, Mr. Gelman was an account manager for our major European and North American installations, and has led several major software development projects. Before joining Amdocs, Mr. Gelman was involved in the development of real-time software systems for communications networks.

Nehemia Lemelbaum has been a director of Amdocs since December 2001 and is a Senior Vice President of Amdocs Management Limited. He joined Amdocs in 1985, with initial responsibility for U.S. operations. Mr. Lemelbaum led our development of graphic products for the yellow pages industry and later led our development of CC&B Systems, as well as our penetration into the CC&B Systems market. Prior to joining Amdocs, he served for nine years with Contahal Ltd., a leading Israeli software company, first as a senior consultant, and later as Managing Director. From 1967 to 1976, Mr. Lemelbaum was employed by the Ministry of Communications of Israel (the organization that predated Bezeq, the Israel Telecommunication Corp. Ltd.), with responsibility for computer technology in the area of business data processing.

Ron Moskovitz is a Senior Vice President and the Chief Financial Officer of Amdocs Management Limited, and has overall coordination responsibility for the financial reporting of our operating subsidiaries. Mr. Moskovitz joined Amdocs in 1998 and served until July 2002 as Vice President of Finance. He has been responsible for the company's financial organization, and was involved in Amdocs' initial public offering, merger and acquisition activities and various other financial operations. Prior to joining Amdocs, Mr. Moskovitz served in various senior financial positions with Tower Semiconductor, a publicly-held semiconductor manufacturer. Mr. Moskovitz is a Certified Public Accountant (Isr).

Nissim Daunov is a Senior Vice President at Amdocs Management Limited, responsible for all product units in the Offering Group (CRM, Billing, and OMS). Additionally, he is responsible for Corporate Marketing and R&D. For the past 23 years, Mr. Daunov has been involved in design, development and implementation of large-scale data processing systems, handling large data volumes over distributed networks. Mr. Daunov joined Amdocs in 1986.

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

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

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

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

COMPENSATION

Our directors who are not employees or affiliates of the Company, or are not affiliates of any of our principal shareholders have the choice of receiving as compensation either (i) an annual a cash payment of $30,000 or (ii) every three years, a grant of options to purchase 10,000 ordinary shares, one-quarter of which vest immediately and the remainder of which vest annually in three equal installments. Any such director who serves as a chairman of a committee also receives options to purchase 1,000 ordinary shares under the same terms. In addition, we pay each such director $1,500 per meeting of the Board of Directors and $500 per meeting of a committee of the Board of Directors. We reimburse all of our directors for their reasonable travel expenses incurred in connection with attending meetings of the Board of Directors or committees thereof.

A total of 24 persons who served either as directors of Amdocs or members of its administrative, supervisory or management bodies during all or part of fiscal 2002 received remuneration from Amdocs. The aggregate remuneration paid by us to such persons was approximately $10.8 million, which includes amounts set aside or accrued to provide pension, retirement or similar benefits, but does not include amounts expended by us for automobiles made available to such persons, expenses (including business travel, professional and business association dues) or other fringe benefits. Included in this amount is remuneration to three former executive officers and four former directors for the applicable portions of fiscal 2002.

During fiscal 2002, directors or members of our administrative, supervisory or management bodies were granted options to purchase a total of 5,641,677 ordinary shares at a weighted average price of $12.95 per share, with vesting over two to five year terms. In addition, in the first quarter of fiscal 2003, we granted options to purchase 10,000 ordinary shares at an exercise price of $6.40 to one of our non-employee directors with respect to compensation. The option grant constituted compensation to the director, which the director elected to receive in lieu of a cash payment, and vests over three years.

To recognize significant contributions to Amdocs over the years, in the first quarter of fiscal 2003 and during fiscal year 2002 we granted of options to six of our non-employee directors to purchase an aggregate 375,000 ordinary shares at a weighted average exercise price of $15.16 per share.

All options were granted pursuant to our 1998 Stock Option and Incentive Plan, as amended. See discussion below -- "Share Ownership -- Employee Stock Option and Incentive Plan".

BOARD PRACTICES

Our entire Board of Directors is comprised of up to 13 directors. Eleven directors were elected to our Board of Directors at our annual meeting of shareholders on January 23, 2003. As permitted by our Articles of Association, the Board of Directors may fill the two remaining vacancies at any time. All directors hold office until the next annual meeting of our shareholders, which generally is in January of each calendar year, or until their respective successors are duly elected and qualified or their positions are earlier vacated by resignation or otherwise.

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

Other than the employment agreements between us and our Chief Executive Officer and Executive Vice President which provide for immediate cash severance upon termination of employment, there are currently no service contracts in effect between us and any of our directors providing for immediate cash severance upon termination of their employment.

BOARD COMMITTEES

The Executive Committee may act from time to time instead of the full Board of Directors and has such responsibilities as may be delegated to it by the Board of Directors. Our Executive Committee consists of Messrs. Anderson (Chair), Naor, Baharav, Kahan and Minicucci.

The Audit Committee of the Board of Directors reviews, acts on and reports to the Board of Directors with respect to various auditing and accounting matters, including the selection of our auditors, the scope of the annual audits, fees to be paid to the auditors, the performance of our independent auditors and our accounting practices. During fiscal 2002, our Audit Committee consisted of Messrs. Lawrence Perlman (Chair), Adrian Gardner and John T. McLennan, all of whom were independent directors, as required by the rules of the NYSE. Mr. Perlman did not stand for reelection as a director at our January 2003 annual general meeting of shareholders.

The Compensation Committee of the Board of Directors determines the salaries and incentive compensation of the officers of Amdocs and our subsidiaries and provides recommendations for the salaries and incentive compensation of other employees and certain consultants. The Compensation Committee also administers various compensation, stock and benefit plans of Amdocs. Our Compensation Committee consists of Messrs. Anderson (Chair), Naor, Baharav, Kahan and Minicucci. None of the members of the Committee was an employee of ours at any time during fiscal 2002, with the exception of Messrs. Naor and Baharav. Neither Mr. Baharav nor Mr. Naor participates in any discussions relating to his own compensation.

EMPLOYEES

The following table presents the approximate number of our full-time employees as of each date indicated, by function and by geographical location:

AS OF SEPTEMBER 30,	2002	2001	2000
Software and Information Technology			
Israel	4,100	4,200	4,000
North America	2,600	2,700	2,200
Rest of World	1,700	1,700	1,200
	8,400	8,600	7,400
Management and Administration	1,000	1,100	1,000
Total employees	9,400	9,700	8,400

During fiscal 2002, we took steps to reduce our costs and achieve increased operational efficiency, including by making reductions in our workforce of approximately 1,000 positions. Some of the affected employees remained on our payroll as our employees through September 30, 2002. In addition, in November 2002, we announced additional measures to reduce costs, including additional reductions in our workforce of approximately 400 positions. As of January 31, 2003, we employed on a full-time basis approximately 7,800 software and information technology specialists, engaged in research, development, maintenance and support activities, and approximately 1,000 managers and administrative professionals. Approximately 3,800 of these software and information technology specialists are located in Israel and approximately 2,400 are located in North America.

We comply with various labor and immigration laws throughout the world, including laws and regulations in Australia, Brazil, Canada, Europe, Israel, Japan and the United States. Our employees in Europe are protected, in some countries, by mandatory collective bargaining agreements. To date, compliance with such laws has not been a material burden for us. As the number of our employees increases over time in particular countries, our compliance with such regulations could become more burdensome.

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

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

SHARE OWNERSHIP

SECURITY OWNERSHIP OF DIRECTORS AND SENIOR MANAGEMENT AND CERTAIN KEY EMPLOYEES

As of January 31, 2003, the aggregate number of our voting ordinary shares beneficially owned by our directors, senior managers and certain key employees was 54,130,359 shares. This number includes ordinary shares held by SBC and WCAS since affiliates of SBC and WCAS serve on our Board of Directors and, accordingly, such designees may be deemed to be the beneficial owners of the voting ordinary shares held by such entities. Each such designee disclaims beneficial ownership of such shares. See "Major Shareholders and Related Party Transactions".

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

EMPLOYEE STOCK OPTION AND INCENTIVE PLAN

Our 1998 Stock Option and Incentive Plan, as amended (the "Option Plan"), provides for the grant by Amdocs of restricted shares or stock options to our directors, employees (including officers) and consultants. Of the 32,300,000 ordinary shares originally available for issuance under the Option Plan, options to purchase 28,875,882 ordinary shares have been granted as of January 31, 2003, and options to purchase additional 3,424,118 ordinary shares remained available for future grants. The purpose of the Option Plan is to enable us to attract and retain qualified personnel and to motivate such persons by providing them with an equity participation in the Company.

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

The Option Plan is administered by the Compensation Committee, which determines all the terms of the awards (subject to the above), including which employees, directors or consultants are granted awards. The Board of Directors may amend or terminate the Option Plan, provided that shareholder approval is required to increase the number of ordinary shares available under the Option Plan, to materially increase the benefits accruing to participants, to change the class of employees eligible for participation, to decrease the basis upon which the minimum exercise price of options is determined or to extend the period in which awards may be granted or to grant an option that is exercisable for more than ten years. Ordinary shares acquired upon exercise of an award are subject to certain restrictions on sale, transfer or hypothecation.

As of January 31, 2003, there were outstanding options to purchase an aggregate of 26,230,496 ordinary shares at exercise prices ranging from $1.92 to $78.31 per share and no restricted shares had been awarded.

As a result of the ITDS and Solect transactions, as of January 31, 2003, we are obligated to issue (and have reserved for issuance) an additional 162,788 and 198,955 ordinary shares, respectively, upon exercise of options that had previously been granted under the ITDS and Solect option plans (the "Predecessor Plans") and were exchanged for options to purchase our ordinary shares. These options have exercise prices ranging from $0.001 to $71.97 per share. No additional options have been or will be granted under the Predecessor Plans.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

MAJOR SHAREHOLDERS

The following table sets forth specified information with respect to the beneficial ownership of our voting ordinary shares as of January 31, 2003 of any person known by us to be the beneficial owner of more than 5% of such shares.

NAME AND ADDRESS	SHARES BENEFICIALLY OWNED(1)	PERCENTAGE OWNERSHIP(2)
Southeastern Asset Management, Inc. (3) 6410 Poplar Avenue, Suite 900 Memphis, Tennessee 38119	40,563,500	18.8%
SBC Communications Inc. (4) 175 E. Houston Street San Antonio, Texas 78205-2233	20,303,426	9.4
Welsh, Carson, Anderson & Stowe(5) 320 Park Avenue, Suite 2500 New York, New York 10022	21,263,981	9.9
All directors and executive officers as a group (15 persons) (6)	54,130,359	25.1

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

(2) The percentages shown are based on 215,775,612 ordinary shares outstanding on January 31, 2003.

(3) Based on a Form 13G filed by Southeastern Asset Management, Inc. ("Southeastern") with the SEC on February 7, 2003, Southeastern beneficially owns an aggregate of 40,563,500 ordinary shares. In the Form 13G, Southeastern indicates that it has sole voting power over 28,334,100 voting ordinary shares, and sole dispositive power over 35,633,100 ordinary shares. The Form 13G indicates that Southeastern shares the investment and voting discretion over 4,930,400 ordinary shares with Longleaf Partners Funds Trust.

(4) Based upon information provided to us by SBC, SBCI, a wholly owned subsidiary of SBC, holds 7,557,603 of our ordinary shares, and SBC Option Delivery LLC, a majority-owned subsidiary of SBCI, holds 12,745,823 of our ordinary shares. James S. Kahan, Senior Executive Vice President of SBC, serves on our Board of Directors.

(5) Based upon information provided to us by WCAS, WCAS beneficially owns an aggregate of 21,263,981 ordinary shares, which includes 12,678,461 ordinary shares held by Welsh, Carson, Anderson & Stowe IX, L.P., 5,527,054 ordinary shares held by Welsh, Carson, Anderson & Stowe VII, L.P., 1,614,792 ordinary shares held by Welsh, Carson, Anderson & Stowe VI, L.P. and 1,443,494 ordinary shares held by WCAS Capital Partners III, L.P. Bruce K. Anderson and Robert A. Minicucci, principals of the various WCAS entities, serve on our Board of Directors and Mr. Anderson is Chairman of our Board.

(6) Includes ordinary shares held by SBC and WCAS. See footnotes 4 and 5 above. Affiliates of SBC and WCAS serve on the Company's Board of Directors and, accordingly, such designees may be deemed to be the beneficial owners of the voting ordinary shares held by such entities. Each such designee disclaims beneficial ownership of such shares. Also includes options granted to such directors and executive officers of the Company, which are exercisable within 60 days of January 31, 2003.

Over the last three years, our major shareholders have included our directors and executive officers as a group, SBC, WCAS and other institutional investors. The share ownership by WCAS, SBC and our directors and executive officers has not significantly changed during this period. AXA Financial, which at December 1, 2000 held 13.8% of our ordinary shares, is no longer a major shareholder. Southeastern Asset

Management, which in previous years was not a major shareholder, held 18.8% of our ordinary shares at January 31, 2003.

As of January 31, 2003, our ordinary shares were held by approximately 222 recordholders. Based on a review of the information provided to us by our transfer agent, 158 recordholders, holding approximately 95.8% of our outstanding ordinary shares, were residents of the United States.

RELATED PARTY TRANSACTIONS

SHAREHOLDERS AGREEMENTS

In connection with a series of transactions in 1997, SBCI, WCAS (on behalf of certain affiliates of WCAS and other investors), Amdocs International Limited and Amdocs, entered into a Shareholders Agreement, under which these shareholders have certain rights to have their shares registered for sale to the public under the Securities Act.

RELATIONSHIP WITH SBC

In addition to being a major shareholder, SBC, and some of its operating subsidiaries, are also significant customers of ours. During fiscal 2002, 2001 and 2000, SBC and those subsidiaries accounted for approximately 10.6%, 13.3% and 12.6%, respectively, of our revenue. Based on long-term agreements currently in place with certain SBC subsidiaries and the outsourcing agreement announced in January 2003 with SBC's directory operations, we expect that revenue attributable to SBC entities will remain a significant portion of our revenue in 2003. Mr. Kahan, a member of our Board of Directors, is also an employee of SBC.

SBC is also a beneficial owner of companies that provide certain miscellaneous support services to us in United States.

ITEM 8. FINANCIAL INFORMATION

FINANCIAL STATEMENTS

See "Financial Statements" for our audited Consolidated Financial Statements and Financial Statement Schedule filed as part of this report.

LEGAL PROCEEDINGS

Beginning on June 24, 2002, a number of complaints were filed by holders of our ordinary shares against us and four of our officers and directors, in the United States District Courts for the Eastern District of Missouri and the Southern District of New York. The complaints allege violations of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder. Each plaintiff seeks to represent a putative class of all purchasers of our ordinary shares between July 18, 2000 (or, in some of the complaints, July 24, 2001) and June 20, 2002. The complaints generally allege that, during that period, we and the individual defendants made false or misleading statements, in press releases and Securities and Exchange Commission filings, regarding among other things our future prospects, backlog, revenue, gross margin, acquisitions and accounting practices. Each plaintiff seeks unspecified monetary damages and other relief against all defendants. The parties in the New York cases have stipulated to transfer them to the Eastern District of Missouri. The court has recently appointed a lead plaintiff. We dispute the allegations of wrongdoing in these complaints and intend to defend ourself vigorously.

DIVIDEND POLICY

We did not pay any cash dividends on our ordinary shares in fiscal 2002, 2001 or 2000. After the payment of dividends in 1998 that followed a corporate reorganization, we decided in general to retain earnings to finance the development of our business. The payment of any future dividends will be paid by us based on conditions then existing, including our earnings, financial condition and capital requirements, as well as other conditions we deem relevant. The terms of any debt that we may incur could effectively limit our ability to pay dividends.

ITEM 9. THE OFFER AND LISTING

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		
1998	$ 16.50	$ 8.19
1999	$ 30.25	$ 8.75
2000	$ 96.00	$ 19.81
2001	$ 80.50	$ 25.85
2002	$ 39.25	$ 6.10
QUARTER		
Fiscal 2001:		
First Quarter	$ 73.50	$ 51.62
Second Quarter	$ 80.50	$ 43.50
Third Quarter	$ 66.50	$ 40.60
Fourth Quarter	$ 55.75	$ 25.85
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 (through March 18, 2003)	$ 13.95	$ 9.86
MOST RECENT SIX MONTHS		
September, 2002	$ 7.87	$ 6.10
October, 2002	$ 7.50	$ 5.85
November, 2002	$ 11.98	$ 6.60
December, 2002	$ 11.89	$ 9.68
January, 2003	$ 13.95	$ 9.86
February, 2003	$ 13.45	$ 11.50

ITEM 10. ADDITIONAL INFORMATION

MEMORANDUM AND ARTICLES OF ASSOCIATION

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

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

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

The share capital of the Company is L5,750,000 divided into (i) 25,000,000 preferred shares with a par value of L0.01 per share and (ii) 550,000,000 ordinary shares with a par value of L0.01 per share, consisting of 500,000,000 voting ordinary shares and 50,000,000 non-voting ordinary shares. The rights, preferences and restrictions attaching to each class of the shares are as follows:

PREFERRED SHARES

- Issue -- the preferred shares may be issued from time to time in one or more series of any number of shares up to the amount authorized.

- Authorization to Issue Preferred Shares -- authority is vested in the directors from time to time to authorize the issue of one or more series of preferred shares and to provide for the designations, powers, preferences and relative participating, optional or other special rights and qualifications, limitations or restrictions thereon.

- Relative Rights -- all shares of any one series of preferred shares must be identical with each other in all respects, except that shares of any one series issued at different times may differ as to the dates from which dividends shall be cumulative.

- Liquidation -- in the event of any liquidation, dissolution or winding-up of the Company, the holders of preferred shares are entitled to preference with respect to payment and to receive payment (at the rate fixed in any resolution or resolutions adopted by the directors in such case) plus an amount equal to all dividends accumulated to the date of final distribution to such holders. The holders of preferred shares are entitled to no further payment other than that stated above. If upon any liquidation the assets of the Company are insufficient to pay in full the amount stated above then such assets shall be distributed among the holders of preferred shares.

- Voting Rights -- except as otherwise provided for by the directors upon the issue of any new series of preferred shares, the holders of shares of preferred shares have no right or power to vote on any question or in any proceeding or to be represented at, or to receive notice of, any meeting of members.

ORDINARY SHARES AND NON-VOTING ORDINARY SHARES

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

- Dividends -- when and as dividends are declared on the shares of the Company the holders of voting ordinary shares and non-voting shares are entitled to share equally, share for share, in such dividends except that if dividends are declared which are payable in voting ordinary shares or non-voting ordinary shares, dividends must be declared which are payable at the same rate in both classes of shares.

- Conversion of Non-Voting Ordinary Shares into Voting Ordinary Shares -- upon the transfer of non-voting ordinary shares from the original holder thereof to any third party not affiliated with such original holder, non-voting ordinary shares are redesignated in the books of the Company as voting ordinary shares and automatically convert into the same number of voting ordinary shares.

- Liquidation -- upon any liquidation, dissolution or winding-up of the Company, the assets of the Company remaining after creditors and the holders of any preferred shares have been paid in full shall be distributed to the holders of voting ordinary shares and non-voting ordinary shares equally share for share.

- Voting Rights -- the holders of voting ordinary shares are entitled to vote on all matters to be voted on by the members, and the holders of non-voting ordinary shares are not entitled to any voting rights.

- Preferences -- the voting ordinary shares and non-voting ordinary shares are subject to all the powers, rights, privileges, preferences and priorities of the preferred shares as are set out in the Articles of Association.

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

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

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

- by an agreement between the Company and any person purporting to contract on behalf of the holders of shares of the class or group affected, provided that such agreement is ratified in writing by the holders of at least two-thirds of the issued shares of the class affected; or

- with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of an extraordinary resolution passed by majority of three-fourths of the votes of the holders of shares of the class or group affected entitled to vote and voting in person or by attorney or proxy and passed at a separate meeting of the holders of such shares but not otherwise.

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

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

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

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

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

Pursuant to Article 13 of the Articles of Association, the Company may from time to time by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as the resolution prescribes. A restructuring of the existing share capital must be done by extraordinary resolution (which requires the same vote as a special resolution), and the Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in accordance with Guernsey law. These provisions in relation to the alteration of the Company's capital are in accordance with but no more onerous than the Companies Law.

MATERIAL CONTRACTS

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

TAXATION

TAXATION OF THE COMPANY

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

General

Our blended effective tax rate was 107% for the year ended September 30, 2002, compared to 63% for fiscal 2001 and 93% for fiscal 2000. These high effective tax rates were primarily attributable to amortization of goodwill related to our acquisitions, much of which is not tax deductible. In the year ended September 30, 2002 our effective tax rate was also adversely affected by the fixed non-deductible expenditures representing a larger component of our pretax income. Excluding the impact of the non-deductible goodwill related to our acquisitions, our pro forma effective tax rate for fiscal 2002 was 28% compared to our historical pro forma effective tax rate of 30%, due to the corporate income tax rates in the various countries in which we operate and changes in the relative magnitude of our business in those countries.

We expect a reduction in our pro forma effective tax rate in fiscal 2003 from 28% to 25%. The reduction is due to our continued expansion into countries with lower effective tax rates.

There can be no assurance that our effective tax rate will not change over time as a result of a change in corporate income tax rates or other changes in the tax laws of the various countries in which we operate. Moreover, our effective tax rate in future years may be adversely affected in the event that a tax authority challenged the manner in which items of income and expense are allocated among us and our subsidiaries. In addition, the Company and certain of our subsidiaries have been granted certain special tax benefits, discussed below, in Cyprus, Ireland and Israel. The loss of any such tax benefits could have an adverse effect on our effective tax rate.

Certain Guernsey Tax Considerations

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

Certain Cypriot Tax Considerations

Our Cyprus subsidiary, Amdocs Development Ltd., operates a development center. Corporations resident in Cyprus currently are subject to a maximum 25% income tax rate. The Government of Cyprus has issued a permit to our Cypriot subsidiary pursuant to which the activities conducted by it are deemed to be offshore activities for the purpose of Cypriot taxation. As a result, our Cypriot subsidiary is subject to an effective tax rate in Cyprus of 4.25%. In order for our subsidiary to remain entitled to this reduced rate of taxation pursuant to the permit, it must continue to satisfy certain requirements concerning its operations in Cyprus and it must undertake certain information reporting obligations to the Government of Cyprus. A new Income Tax law has been enacted in July 2002, introducing a number of changes to the current system in an attempt to harmonize the regulations with E.U. provisions and abandon any harmful tax practices as defined by the Organisation for Economic Co-operation and Development. The new legislation went into effect on January 1, 2003 and the Income tax rate was set at 10% for all corporations resident in Cyprus. Our subsidiary will take advantage of the transitionary rules and will continue to enjoy an effective tax rate of 4.25% until December 2005 as long as certain requirements imposed by the Government of Cyprus are met. Thereafter, our subsidiary will be taxed under the 10% tax rate.

Certain Irish Tax Considerations

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

Certain Israeli Tax Considerations

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

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

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

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

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

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

- twelve years from the year of commencement of production, or

- fourteen years from the year of the approval of the Approved Enterprise status.

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

Our Israeli subsidiary has elected the alternative benefits with respect to its current Approved Enterprise and its enlargements, pursuant to which the Israeli subsidiary enjoys, in relation to its Approved Enterprise operations, certain tax holidays for a period of two years (and in some cases for a period of four years) and reduced tax rates for an additional period of up to eight years. In case our Israeli subsidiary pays a dividend, at any time, out of income earned during the tax holiday period in respect of its Approved Enterprise, it will be subject, assuming that the current level of foreign investment in Amdocs is not reduced, to corporate tax at the otherwise applicable rate of 10% of the income from which such dividend has been paid and up to 25% if such foreign investments are reduced (as detailed above). This tax is in addition to the withholding tax on dividends as described below. Under an instrument of approval issued in December 1997 and relating to the current investment program of our Israeli subsidiary and to the income derived therefrom, our Israeli subsidiary is entitled to a reduced tax rate period of thirteen years (instead of the eight-year period referred to above.) The tax benefits, available with respect to an Approved Enterprise only to taxable income attributable to that specific enterprise, are given according to an allocation formula provided for in the Investment Law or in the instrument of approval, and are contingent upon the fulfillment of the conditions stipulated by the Investment Law, the regulations published thereunder and the instruments of approval for the specific investments in the Approved Enterprises. In the event our Israeli subsidiary fails to comply with these conditions, the tax and other benefits could be canceled, in whole or in part, and the subsidiary might be required to refund the amount of the canceled benefits, with the addition of CPI linkage differences and interest. We believe that the Approved

Enterprise of our Israeli subsidiary substantially complies with all such conditions currently, but there can be no assurance that it will continue to do so.

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

Dividends

Dividends paid out of income derived by an Approved Enterprise during the benefit periods (or out of dividends received from a company whose income is derived by an Approved Enterprise) are subject to withholding tax at a reduced rate of 15% (deductible at source). In the case of companies that do not qualify as a FIC, the reduced rate of 15% is limited to dividends paid at any time up to twelve years thereafter.

TAXATION OF HOLDERS OF ORDINARY SHARES

Certain United States Federal Income Tax Considerations

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

(i) a citizen or resident of the United States,

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

(iii) an estate, the income of which is includable in gross income for

(iv) United States federal income tax purposes regardless of its source, or

(v) a trust, if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons has the authority to control all substantial decisions of the trust.

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

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

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

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

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

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

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

Passive Foreign Investment Company Considerations. If, during any taxable year, 75% or more of our gross income consists of certain types of passive income, or the average value during a taxable year of passive assets (generally assets that generate passive income) is 50% or more of the average value of all of our assets, we will be treated as a "passive foreign investment company" under U.S. federal income tax law for such year and succeeding years. If we are treated as a passive foreign investment company, a U.S. holder may be subject to increased tax liability upon the sale of our ordinary shares or upon the receipt of certain distributions, unless such U.S. holder makes an election to mark our ordinary shares to market annually.

Based on an analysis of our financial position, we believe that we have not been a passive foreign investment company for U.S. federal income tax purposes for any preceding taxable year and expect that we will not become a passive foreign investment company during the current taxable year. However, because the tests for determining passive foreign investment company status are applied as of the end of each taxable year and are dependent upon a number of factors, some of which are beyond our control, including the value of our assets, based on the market price of our ordinary shares, and the amount and type of our gross income, we cannot assure you that we will not become a passive foreign investment company in the future or that the IRS will agree with our conclusion regarding our current passive foreign investment company status. We intend to use reasonable efforts to avoid becoming a passive foreign investment company.

Rules relating to a passive foreign investment company are very complex. U.S. holders should consult their own tax advisors regarding the U.S. federal income tax considerations discussed above and the applicability of passive foreign investment company rules to their investments in our ordinary shares.

Certain Guernsey Tax Considerations

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

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

DOCUMENTS ON DISPLAY

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

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

Amdocs, Inc.
1390 Timberlake Manor Parkway
Chesterfield, Missouri 63017
Telephone: (314) 212-8328

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

CURRENCY FLUCTUATIONS

Approximately 90% of our revenue is in U.S. dollars or linked to the U.S. dollar. Therefore, the dollar is our functional currency. Approximately 65% of our operating expenses (excluding acquisition-related charges and restructuring charges) are paid in dollars or linked to dollars. Other significant currencies in which we receive revenue or pay expenses are Australian dollars, British pounds, Canadian dollars, the euro (ECU) and Israeli shekels. Historically, the effect of fluctuations in currency exchange rates has had a minimal impact on our operations. As more of our customers seek contracts that are denominated in currencies such as the ECU and not the U.S. dollar, our exposure to fluctuations in currency exchange rates could increase. In managing our foreign exchange risk, we enter from time to time into various foreign exchange contracts. As of September 30, 2002, we had substantially hedged our significant exposures in currencies other than the U.S. dollar.

FOREIGN CURRENCY RISK

We enter into foreign exchange forward contracts to hedge most of our foreign currency exposure. We use such contracts to hedge exposure to changes in foreign currency exchange rates associated with revenue denominated in a foreign currency, primarily British pounds and the ECU, and anticipated costs to be incurred in a foreign currency, primarily Australian dollars, Canadian dollars and Israeli shekels. We also use forward contracts to hedge the impact of the variability in exchange rates on certain accounts receivables, denominated in British pounds and the ECU, and on the investment in Certen convertible debentures denominated in Canadian dollars. We seek to minimize the risk that the anticipated cash flow from sales of our products and services and cash flow required for our expenses denominated in a currency other than our functional currency will be affected by changes in exchange rates. See Note 22 to our consolidated financial statements included elsewhere in this report. The following table summarizes our foreign currency forward exchange agreements as of September 30, 2002. All the forward contracts are expected to mature during fiscal 2003. The table below (all dollar amounts in millions) presents the notional amounts, and fair value of the total derivative instruments as of September 30, 2002. Notional values are calculated based on forward rates as of September 30, 2002, U.S. dollar translated.

	AS OF SEPTEMBER 30, 2002	
	NOTIONAL AMOUNT TRANSLATED TO U.S. DOLLAR(*)	FAIR VALUE OF DERIVATIVES
Revenue	$ 8.9	$(0.9)
Costs	(145.8)	(6.7)
Balance sheet items	41.2	0.5
	$ (95.7)	$(7.1)

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(*) Positive notional amounts represent forward contracts to sell foreign currency. Negative notional amounts represent forward contracts to buy foreign currency.

INTEREST RATE RISK

Our interest expenses and income are sensitive to changes in interest rates, as all of our cash reserves and borrowings, other than the Notes, are subject to interest rate changes. Excess liquidity is invested in short-term interest-bearing investments. Such short-term interest-bearing investments consist primarily of treasury notes, federal agency securities, corporate bonds and money market funds and currently bear minimal interest rate risk. As of September 30, 2002, we had nothing outstanding on either our revolving lines of credit or our short-term credit facilities, and $25.5 million recorded as long-term lease obligations, which in the aggregate bear minimal interest rate risk.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

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

Not applicable

ITEM 15. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures. To their best knowledge and belief and based on their evaluation of the Company's disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934) as of a date within 90 days of the filing date of this Annual Report on Form 20-F, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and are operating in an effective manner.

(b) Changes in internal controls. There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their most recent evaluation.

ITEM 16. [RESERVED]

PART III

ITEM 17. FINANCIAL STATEMENTS

Not applicable.

ITEM 18. FINANCIAL STATEMENTS

FINANCIAL STATEMENTS AND SCHEDULE

The following Consolidated Financial Statements and Financial Statement Schedule are included at the end of this report:

FINANCIAL STATEMENTS

Report of Independent Auditors

Consolidated Balance Sheets as of September 30, 2002 and 2001

Consolidated Statements of Operations for the years ended September 30, 2002, 2001 and 2000

Consolidated Statements of Changes in Shareholders' Equity for the years ended September 30, 2002, 2001 and 2000

Consolidated Statements of Cash Flows for the years ended September 30, 2002, 2001 and 2000

Notes to Consolidated Financial Statements

FINANCIAL STATEMENT SCHEDULE

Valuation and Qualifying Accounts

ITEM 19. EXHIBITS

The exhibits listed on the Exhibit Index hereof are filed herewith in response to this Item.

SIGNATURES

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

Amdocs Limited

/s/ THOMAS G. O'BRIEN

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

Date: March 24, 2003

CERTIFICATIONS

I, Dov Baharav, certify that:

1. I have reviewed this annual report on Form 20-F of Amdocs Limited;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

(c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 24, 2003

/s/ DOV BAHARAV

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Dov Baharav,
Chief Executive Officer,
Amdocs Management Limited

I, Ron Moskovitz, certify that:

1. I have reviewed this annual report on Form 20-F of Amdocs Limited;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

(c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 24, 2003

/s/ RON MOSKOVITZ

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Ron Moskovitz,
Chief Financial Officer,
Amdocs Management Limited

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders
Amdocs Limited

We have audited the accompanying consolidated balance sheets of Amdocs Limited as of September 30, 2002 and 2001, and the related consolidated statements of operations, changes in shareholders' equity and cash flows for each of the three years in the period ended September 30, 2002. Our audits also included the financial statement schedule listed in the index at Item 2 of Part I. These financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and the financial statement schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Amdocs Limited as of September 30, 2002 and 2001, and the consolidated results of its operations and its cash flows for each of the three years in the period ended September 30, 2002, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth herein.

/s/ ERNST & YOUNG LLP

New York, New York
October 31, 2002

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

	AS OF SEPTEMBER 30, 2002	AS OF SEPTEMBER 30, 2001
ASSETS		
Current assets:		
Cash and cash equivalents	$ 466,655	$ 872,998
Short-term interest-bearing investments	581,164	237,069
Accounts receivable, net (*)	312,732	384,851
Deferred income taxes and taxes receivable	48,154	38,916
Prepaid expenses and other current assets (*)	72,196	38,045
Total current assets	1,480,901	1,571,879
Equipment, vehicles and leasehold improvements, net	160,902	173,695
Deferred income taxes	37,582	19,722
Goodwill and other intangible assets, net	750,530	788,187
Other noncurrent assets (*)	110,179	70,953
Total assets	$ 2,540,094	$ 2,624,436
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 192,129	$ 166,527
Accrued personnel costs	86,942	103,990
Deferred revenue	149,590	140,033
Short-term portion of capital lease obligations	10,347	10,400
Deferred income taxes and taxes payable	103,315	91,026
Total current liabilities	542,323	511,976
Convertible notes	445,054	500,000
Deferred income taxes	12,363	7,410
Noncurrent liabilities and other	124,079	92,959
Total liabilities	1,123,819	1,112,345
Shareholders' equity:		
Preferred Shares - Authorized 25,000 shares; L0.01 par value; 0 shares issued and outstanding	--	--
Ordinary Shares - Authorized 550,000 shares; L0.01 par value; 223,316 and 222,628 issued and 215,583 and 222,628 outstanding, in 2002 and 2001, respectively	3,572	3,560
Additional paid-in capital	1,818,345	1,806,290
Treasury stock	(109,281)	--
Accumulated other comprehensive loss	(108)	(6,382)
Unearned compensation	--	(185)
Accumulated deficit	(296,253)	(291,192)
Total shareholders' equity	1,416,275	1,512,091
Total liabilities and shareholders' equity	$ 2,540,094	$ 2,624,436

(*) See Note 4

The accompanying notes are an integral part of these consolidated financial statements.

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

	YEAR ENDED SEPTEMBER 30,		
	2002	2001	2000
Revenue:			
License (*)	$ 153,664	$ 171,430	$ 124,822
Service (*)	1,459,901	1,362,480	993,498
	1,613,565	1,533,910	1,118,320
Operating expenses:			
Cost of license	5,054	5,651	5,624
Cost of service (*)	928,283	847,591	639,900
Research and development	124,082	105,807	74,852
Selling, general and administrative (*)	223,551	195,592	137,004
Amortization of goodwill and purchased intangible assets	231,804	219,988	111,199
Restructuring charges, in-process research and development and other indirect acquisition-related costs	51,630	--	75,617
	1,564,404	1,374,629	1,044,196
Operating income	49,161	159,281	74,124
Interest income and other, net (*)	19,298	22,286	10,734
Income before income taxes	68,459	181,567	84,858
Income taxes	73,520	115,181	78,880
Net (loss) income	$ (5,061)	$ 66,386	$ 5,978
Basic (loss) earnings per share	$ (0.02)	$ 0.30	$ 0.03
Diluted (loss) earnings per share	$ (0.02)	$ 0.29	$ 0.03
Basic weighted average number of shares outstanding	220,361	222,002	212,005
Diluted weighted average number of shares outstanding	220,361	226,832	216,935

(*) See Note 4.

The accompanying notes are an integral part of these consolidated financial statements.

AMDOCS LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(IN THOUSANDS)

	Ordinary Shares		Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Unearned Compensation	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount						
BALANCE AS OF OCTOBER 1, 1999	198,800	$3,181	$ 489,099	$ --	$ (1,157)	$ (3,830)	$ (363,556)	$ 123,737
Comprehensive income:								
Net income	--	--	--	--	--	--	5,978	5,978
Decrease in unrealized loss on derivative instruments, net of $1,000 tax	--	--	--	--	2,333	--	--	2,333
Increase in unrealized loss on cash equivalents income, net of $(7) tax	--	--	--	--	(17)	--	--	(17)
Comprehensive income								8,294
Employee stock options exercised	2,058	33	21,327	--	--	--	--	21,360
Tax benefit of stock options exercised	--	--	10,825	--	--	--	--	10,825
Issuance of Ordinary Shares related to acquisitions, net	20,307	325	1,263,330	--	--	--	--	1,263,655
Stock options granted	--	--	235	--	--	--	--	235
Amortization of unearned compensation	--	--	--	--	--	2,666	--	2,666
BALANCE AS OF SEPTEMBER 30, 2000	221,165	3,539	1,784,816	--	1,159	(1,164)	(357,578)	1,430,772
Comprehensive income:								
Net income	--	--	--	--	--	--	66,386	66,386
Decrease in unrealized gain on derivatives, net of $(3,891) tax	--	--	--	--	(9,078)	--	--	(9,078)
Increase in unrealized gain on cash equivalents and short-term interest-bearing investments, net of $659 tax	--	--	--	--	1,537	--	--	1,537
Comprehensive income								58,845
Employee stock options exercised	1,463	21	13,946	--	--	--	--	13,967
Tax benefit of stock options exercised	--	--	7,345	--	--	--	--	7,345
Stock options granted	--	--	183	--	--	--	--	183
Amortization of unearned compensation	--	--	--	--	--	979	--	979
BALANCE AS OF SEPTEMBER 30, 2001	222,628	3,560	1,806,290	--	(6,382)	(185)	(291,192)	1,512,091
Comprehensive income:								
Net loss	--	--	--	--	--	--	(5,061)	(5,061)
Decrease in unrealized loss on foreign currency hedging contracts, net of $1,357 tax	--	--	--	--	2,682	--	--	2,682
Decrease in unrealized loss on cash equivalents and short-term interest-bearing investments, net of $1,336 tax	--	--	--	--	3,592	--	--	3,592
Comprehensive income								1,213
Employee stock options exercised	687	12	5,149	--	--	--	--	5,161
Tax benefit of stock options exercised	--	--	6,808	--	--	--	--	6,808
Expense related to vesting of stock options	--	--	98	--	--	--	--	98
Repurchase of shares	(7,732)	--	--	(109,281)	--	--	--	(109,281)
Amortization of unearned compensation	--	--	--	--	--	185	--	185
BALANCE AS OF SEPTEMBER 30, 2002	215,583	$3,572	$1,818,345	$(109,281)	$ (108)	$ --	$ (296,253)	$ 1,416,275

As of September 30, 2002, 2001 and 2000, accumulated other comprehensive income (loss) is comprised of unrealized gain (loss) on derivatives, net of tax, of $(5,220), $(7,902) and $1,176 and unrealized gain (loss) on cash equivalents and short-term interest-bearing investments, net of tax, of $5,112, $1,520 and $(17), as of September 30, 2002, 2001 and 2000, respectively.

The accompanying notes are an integral part of these consolidated financial statements.

AMDOCS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	YEAR ENDED SEPTEMBER 30,		
	2002	2001	2000
CASH FLOW FROM OPERATING ACTIVITIES:			
Net (loss) income	$ (5,061)	$ 66,386	$ 5,978
Reconciliation of net (loss) income to net cash provided by operating activities:			
Depreciation and amortization	309,821	282,625	155,359
Adjustment to the basis of investments	5,500	6,750	--
In-process research and development expenses	17,400	--	70,319
Loss on sale of equipment	549	593	148
Gain on repurchase of convertible notes	(6,012)	--	--
Deferred income taxes	(1,665)	5,018	(1,196)
Tax benefit of stock options exercised	6,808	7,345	10,825
Unrealized other comprehensive income (loss)	8,967	(10,773)	3,309
Net changes in operating assets and liabilities, net of amounts acquired:			
Accounts receivable	97,055	(121,751)	(29,763)
Prepaid expenses and other current assets	(22,992)	(3,718)	(12,408)
Other noncurrent assets	(9,875)	(7,826)	(10,861)
Accounts payable and accrued expenses	(2,461)	71,772	38,852
Deferred revenue	(21,253)	6,487	24,313
Income taxes payable	(4,798)	20,703	16,071
Noncurrent liabilities and other	40,293	14,376	16,642
Net cash provided by operating activities	412,276	337,987	287,588
CASH FLOW FROM INVESTING ACTIVITIES:			
Proceeds from sale of equipment, vehicles and leasehold improvements	1,795	2,062	1,280
Payments for purchase of equipment, vehicles, leasehold improvements and other	(58,562)	(91,891)	(62,740)
Purchase of short-term interest-bearing investments, net	(344,095)	(237,069)	--
Investment in noncurrent assets	(39,584)	(12,291)	(9,000)
Net cash (paid for) acquired in acquisitions	(213,180)	--	67,791
Net cash used in investing activities	(653,626)	(339,189)	(2,669)
CASH FLOW FROM FINANCING ACTIVITIES:			
Proceeds from employee stock options exercised	5,161	13,967	21,360
Repurchase of shares	(109,281)	--	--
Repurchase of convertible notes	(48,934)	--	--
Payments under short-term finance arrangements	--	(20,000)	(284,464)
Borrowings under short-term finance arrangements	--	--	301,933
Net proceeds from issue of long-term convertible notes	--	488,000	--
Principal payments on capital lease obligations	(11,939)	(10,067)	(6,622)
Net cash (used in) provided by financing activities	(164,993)	471,900	32,207
Net (decrease) increase in cash and cash equivalents	(406,343)	470,698	317,126
Cash and cash equivalents at beginning of year	872,998	402,300	85,174
Cash and cash equivalents at end of year	$ 466,655	$ 872,998	$ 402,300

The accompanying notes are an integral part of these consolidated financial statements.

AMDOCS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS - (CONTINUED)
(IN THOUSANDS)

	YEAR ENDED SEPTEMBER 30,		
	2002	2001	2000
SUPPLEMENTARY CASH FLOW INFORMATION			
Interest and Income Taxes Paid			
Cash paid for:			
Income taxes, net of refunds	$ 75,371	$ 77,429	$ 49,262
Interest	11,221	2,901	2,614

NON-CASH INVESTING AND FINANCING ACTIVITIES

Capital lease obligations of $2,245, $13,116 and $15,732 were incurred during the years ended September 30, 2002, 2001 and 2000, respectively, when the Company (as defined below) entered into lease agreements for vehicles.

In fiscal 2000, the Company issued 6,461 Ordinary Shares and options to acquire 1,103 Ordinary Shares in connection with the acquisition of ITDS (as defined below). The Company issued 13,846 exchangeable shares and options to acquire 1,654 Ordinary Shares in connection with the acquisition of Solect (as defined below). See Note 3.

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 - NATURE OF ENTITY

Amdocs Limited (the "Company") is a leading provider of software products and services to the communications industry. The Company and its subsidiaries operate in one business segment, providing business support systems and related services primarily for the communications industry. The Company designs, develops, markets, supports, operates and provides outsourcing of information system solutions primarily to leading communications companies throughout the world.

The Company is a Guernsey corporation, which directly or indirectly holds several wholly owned subsidiaries in the Asia-Pacific region, Europe, Israel, Latin America and North America. The majority of the Company's customers are in North America, Europe, Latin America and the Asia-Pacific region. The Company's main production and operating facilities are located in Israel, the United States (U.S.), Cyprus, Canada and Ireland.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States.

CONSOLIDATION

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

FUNCTIONAL CURRENCY

As the U.S. dollar is the predominant currency by which the Company's revenue and expenses are denominated, the U.S. dollar is the functional currency for the Company and its subsidiaries.

CASH AND CASH EQUIVALENTS

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

INVESTMENTS

When excess funds are available, the Company invests in short-term interest-bearing investments. The Company classifies all of its short-term interest-bearing investments as available-for-sale securities. Such short-term interest-bearing investments consist primarily of treasury notes, federal agency securities, corporate bonds and money market funds, which are stated at market value. Unrealized gains and losses are comprised of the difference between market value and amortized costs of such securities and are reflected, net of tax, as "other comprehensive income (loss)" in shareholders' equity. Realized gains and losses on short-term interest-bearing investments are included in earnings and are derived using the specific identification method for determining the cost of securities.

From time to time the Company also has made certain investments in non-publicly traded companies. These investments are included in other noncurrent assets in the Company's balance sheet and are generally carried at cost. The Company monitors these investments for impairment and makes appropriate reductions in carrying values if necessary.

EQUIPMENT, VEHICLES AND LEASEHOLD IMPROVEMENTS

Equipment, vehicles and leasehold improvements are stated at cost. Assets under capital leases are recorded at the present value of the future minimum lease payments at the date of acquisition. Depreciation is computed using the straight-line method over the estimated useful life of the asset, which ranges from 2 to 10 years and includes the amortization of assets under capitalized leases. Leasehold improvements are amortized over the shorter of the estimated useful lives or the term of the related lease. Management reviews property and equipment and other long-lived assets on a periodic basis to determine whether events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable.

GOODWILL AND OTHER INTANGIBLE ASSETS

The total purchase price of product line or business acquisitions accounted for using the purchase method is allocated first to identifiable assets and liabilities based on estimated fair values. The excess of the purchase price over the fair value of net assets of purchased businesses is recorded as goodwill. Goodwill associated with acquisitions completed prior to July 1, 2001 was amortized on a straight-line basis over its estimated useful life. For future goodwill amortization, see the discussion below under the caption "Adoption of New Accounting Standards".

Other intangible assets consist primarily of purchased computer software, intellectual property rights, core technology and customer arrangements.

Purchased computer software is reported at the lower of amortized cost or net realizable value, and is amortized over its estimated useful life based on the pro-rata amount of the future revenue expected to be realized from the software. This accounting policy results in accelerated amortization of purchased computer software as compared to the straight-line method.

Intellectual property rights, core technology, workforce-in-place and customer arrangements acquired by the Company are amortized over their estimated useful lives on a straight-line basis.

Through the end of fiscal 2002, the Company considered whether there are indicators of impairment that would require the comparison of the estimated net realizable value of goodwill and other intangible assets to their carrying value under Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of". Any impairment would be recognized when the expected future operating cash flows derived from such intangible assets is less than their carrying value.

COMPREHENSIVE INCOME

The Company accounts for comprehensive income under the provisions of SFAS No. 130, "Reporting Comprehensive Income", which established standards for the reporting and display of comprehensive income and its components. Comprehensive income represents the change in shareholders' equity during a period from transactions and other events and circumstances from nonowner sources. It includes all changes in equity except those resulting from investments by owners and distributions to owners.

CONVERTIBLE NOTES

The Company presents the outstanding principal amount of the convertible notes as part of noncurrent liabilities. Accrued interest on the convertible notes is included in "accounts payable and accrued expenses". The Company amortizes the issuance cost related to the convertible notes on a straight-line basis over the term of the convertible notes. Gain or loss on repurchase of convertible notes represents the difference between the principal amount and the purchase price. Such gain, aggregating $6,012, is included in "interest income and other, net". The unamortized issuance cost calculated on a pro-rata basis, related to the repurchased convertible notes, is included in "interest income and other, net".

TREASURY STOCK

The Company repurchases its Ordinary Shares from time to time on the open market and holds such shares as treasury stock. The Company presents the cost to repurchase treasury stock as a reduction of shareholders' equity.

INCOME TAXES

The Company records deferred income taxes to reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting and tax purposes. Deferred taxes are computed based on tax rates anticipated to be in effect (under applicable laws at the time the financial statements are prepared) when the deferred taxes are expected to be paid or realized. A valuation allowance is provided for deferred tax assets if it is more likely than not these items will either expire before the Company is able to realize their benefit, or that future deductibility is uncertain. In the event that a valuation allowance relating to a business acquisition is subsequently reduced, the adjustment will reduce the original amount allocated to goodwill.

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

REVENUE RECOGNITION

The Company usually sells its software as part of an overall solution offered to a customer, in which significant customization and modification to the Company's software is required. As a result, revenue generally is recognized over the course of these long-term projects in conformity with Accounting Research Bulletin ("ARB") No. 45 "Long Term Construction-Type Contracts", Statement of Position ("SOP") 81-1 "Accounting for Performance of Construction-Type and Certain Production-Type Contracts" and SOP 97-2 "Software Revenue Recognition". Losses are recognized on contracts in the period in which the loss is identified in accordance with SOP 81-1. Initial license fee for software revenue is recognized as work is performed, under the percentage of completion method of accounting. Subsequent license fee revenue is recognized upon completion of the specified conditions in each contract. Service revenue that involves significant ongoing obligations, including fees for customization, implementation and modification, is recognized as work is performed, under the percentage of completion method of accounting. Revenue from software solutions that does not require significant customization and modification, is recognized upon delivery, in accordance with the principles emphasized in Staff Accounting Bulletin ("SAB") 101 "Revenue Recognition in Financial Statements" and SOP 97-2. In outsourcing contracts, revenue from operation and maintenance of customers' billing systems is recognized in the period in which the bills are produced. Revenue from ongoing support services is recognized as work is performed. Revenue from third-party hardware and software sales is recognized upon delivery, and recorded at gross or net amount according to the criteria established in Emerging Issues Task Force ("EITF") 99-19 "Recording Revenue Gross as a Principal versus Net as an Agent" and SAB 101. Maintenance revenue is recognized ratably over the term of the maintenance agreement, which in most cases is one year or less. As a result of a substantial portion of the Company's revenue being subject to the percentage of completion accounting method, the Company's annual and quarterly operating results may be significantly affected by the size and timing of customer projects and the Company's progress in completing such projects.

Many of the Company's agreements include multiple obligations. For these multiple elements arrangements, the fair value of each component is determined based on specific objective evidence for that element and revenue is allocated to each component based upon its fair value. The revenue associated with each element is recognized using the respective methodology discussed above.

Deferred revenue represents billings to customers for licenses, services and third-party products for which revenue has not been recognized. Unbilled accounts receivable include all amounts that had not been billed as of the balance sheet date due to contractual or other arrangements with customers. Allowances that are netted against accounts receivable, represent amounts provided for accounts which their collectibility is not reasonably assured.

Included in service revenue are sales of third-party products. Revenue from sales of such products includes third-party computer hardware and computer software products and was less than 10 percent of total revenue in each of fiscal 2002, 2001 and 2000.

COST OF LICENSE AND COST OF SERVICE

Cost of license and service consists of all costs associated with providing services to customers, including identified losses on contracts and warranty expense. Estimated losses on contracts are recognized in the period in which the loss is identified in accordance with SOP 81-1. Estimated costs related to warranty obligations are initially provided at the time the product is delivered and are revised to reflect subsequent changes in circumstances and estimates. Cost of license includes royalty payments to software suppliers, amortization of purchased computer software and intellectual property rights.

Included in cost of service are costs of third-party products associated with reselling third-party computer hardware and software products to customers, when revenue from third-party products is recorded at the gross amount. Customers purchasing third-party products from the Company generally do so in conjunction with the purchase of services.

RESEARCH AND DEVELOPMENT

Research and development expenditures consist of costs incurred in the development of new software modules and product offerings, either in conjunction with customer projects or as part of the Company's internal product development programs. Research and development costs, which are incurred in conjunction with a customer project, are expensed as incurred.

Based on the Company's product development process, technological feasibility, as defined in SFAS No. 86, "Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed", is established upon completion of a detailed program design or, in the absence thereof, completion of a working model. Costs incurred by the Company after achieving technological feasibility and before the product is ready for customer release have been insignificant.

STOCK-BASED COMPENSATION

The Company accounts for stock-based compensation in accordance with Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to

Employees". Pursuant to this accounting standard, the Company records deferred compensation for share options granted to employees at the date of grant based on the difference between the exercise price of the options and the market value of the underlying shares at that date. Deferred compensation is amortized to compensation expense over the vesting period of the underlying options. No compensation expense is recorded for stock options that are granted to employees and directors at an exercise price equal to the fair market value of the Ordinary Shares at the time of the grant. See Note 18 for pro forma disclosures required in accordance with SFAS No. 123, "Accounting for Stock-Based Compensation". Compensation expenses that are deductible in a tax return in a period different from the one in which they are reported as expenses in measuring net income are temporary differences that result in deferred taxes. To the extent that compensation is not recorded for stock-based compensation, the benefit of the related tax deduction is recorded as an increase to additional paid-in capital in the period of the tax reduction.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The financial instruments of the Company consist mainly of cash and cash equivalents, short-term interest-bearing investments, accounts receivable, short-term financing arrangements, forward exchange contracts, lease obligations and convertible notes. In view of their nature, the fair value of the financial instruments, excluding the convertible notes (for which the fair value at September 30, 2002 is approximately $400,000), included in the accounts of the Company does not significantly vary from their carrying amount. The fair values of the Company's foreign currency exchange contracts are estimated based on quoted market prices of comparable contracts.

CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of trade receivables. The Company invests its excess cash primarily in highly liquid U.S. dollar-denominated securities with major U.S. institutions. The Company does not expect any credit losses with respect to these items. The Company's revenue is generated primarily in North America and Europe. To a lesser extent, revenue is generated in the Asia-Pacific region and Latin America. Most customers are among the largest communications and directory publishing companies in the world (or are owned by them). The Company's business is subject to the effects of general global economic conditions and, in particular, market conditions in the communications industry. The Company performs ongoing credit analyses of its customer base and generally does not require collateral.

EARNINGS PER SHARE

The Company accounts for earnings per share based on SFAS No. 128 "Earnings per Share". SFAS No. 128 requires companies to compute earnings per share under two different methods, basic and diluted earnings per share, and to disclose the methodology used for the calculations. Basic earnings per share are calculated using the weighted average number of shares outstanding during the period. Diluted earnings per share is computed on the basis of the weighted average number of shares outstanding and the effect of dilutive outstanding stock options using the treasury stock method and the effect of dilutive outstanding convertible notes using the if-converted method.

DERIVATIVES AND HEDGING

The Company accounts for derivatives and hedging based on SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". SFAS No. 133 requires the Company to recognize all derivatives on the balance sheet at fair value. If a derivative meets the definition of a hedge and is so designated, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value is recognized in earnings.

RECLASSIFICATIONS

Certain amounts in prior years' financial statements have been reclassified to conform to the current year's presentation.

ADOPTION OF NEW ACCOUNTING STANDARDS

In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141, "Business Combinations", and SFAS No. 142, "Goodwill and Other Intangible Assets".

SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001.

SFAS No. 142 is effective for fiscal years beginning after December 15, 2001. Under SFAS No. 142, goodwill and intangible assets deemed to have indefinite lives will no longer be amortized but will be subject to periodic impairment tests in accordance with the Statement. Other intangible assets will continue to be amortized over their useful lives.

Other intangible assets, such as workforce-in-place, will be reclassified to goodwill, according to SFAS No. 141's new definition of intangible assets.

Effective October 1, 2002 the Company will adopt SFAS No. 142. Subsequent to the adoption of the new rules, the Company will perform the first of the required periodic impairment tests of goodwill and intangible assets recorded as of October 1, 2002. Thereafter, a periodic impairment test will be performed at least annually. The Company has not yet determined what the effect of these tests will be on its earnings and financial position. The Company recorded $204,561, $204,566 and $104,268, of goodwill and workforce-in-place amortization during the years ended September 30, 2002, 2001 and 2000, respectively.

(IN THOUSANDS, EXCEPT PER SHARE DATA)

Set forth below is the effect of non-amortization of goodwill and workforce-in-place:

	YEAR ENDED SEPTEMBER 30,		
	2002	2001	2000
Reported net (loss) income	$ (5,061)	$ 66,386	$ 5,978
Add back: goodwill and workforce-in-place amortizations	204,561	204,566	104,268
Attributable tax effect	(2,717)	(2,717)	(2,088)
Adjusted net income	$ 196,783	$ 268,235	$ 108,158
Adjusted basic earnings per share	$ 0.89	$ 1.21	$ 0.51
Adjusted diluted earnings per share	$ 0.88	$ 1.18	$ 0.50

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections". SFAS No. 145 eliminates previous requirements to classify gains and losses from extinguishment of debt as extraordinary items in earnings. Gains or losses from extinguishment of debt for fiscal years beginning after May 15, 2002 shall not be classified as extraordinary items unless certain provisions are met. Early adoption was encouraged. The Company adopted SFAS No. 145 in the fourth quarter of fiscal 2002 in connection with the gain related to the repurchase of its convertible notes. See Note 12.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 - ACQUISITIONS

ITDS

On November 30, 1999, the Company acquired International Telecommunication Data Systems, Inc. ("ITDS"), a leading provider of solutions to communications companies for outsourcing of billing operations. The total purchase price of $189,034, based on a per share price of $28.25 for the Company's Ordinary Shares, consisted of the issuance of 6,461 Ordinary Shares, the grant of options to purchase 1,103 Ordinary Shares and transaction costs. The acquisition was accounted for using the purchase method of accounting. The fair market value of ITDS' assets and liabilities has been included in the Company's balance sheet and the results of ITDS' operations are included in the Company's consolidated statement of income, commencing on December 1, 1999. The value of acquired technology, which was independently determined, included both existing technology and in-process research and development. The valuation of these technologies was made by applying the income forecast method, which considered the present value of cash flows by product lines. The fair value of core technology was valued at $12,342 and was fully amortized over approximately two years commencing on December 1, 1999. Purchased in-process research and development, valued at $19,876, was charged as an expense immediately following the completion of the acquisition, in accordance with FASB Interpretation No. 4, "Applicability of FASB Statement No. 2 to Business Combinations Accounted for by the Purchase Method" ("FIN 4"), since this technology had not reached technological feasibility and had no alternative use. This technology required additional development, coding and testing efforts before technological feasibility could be determined. The fair value of customer base was valued at $647 and the fair value of workforce-in-place was valued at $5,407, each of which is being amortized over five years commencing on December 1, 1999. The excess of the purchase price over the fair value of the net assets acquired, or goodwill, of $70,895 is being amortized over 15 years commencing on December 1, 1999. Effective October 1, 2002, SFAS No. 142 will be adopted by the Company. Under SFAS No. 142, amortization of goodwill will cease for acquisitions completed prior to July 1, 2001. As a result, commencing fiscal 2003, goodwill related to the ITDS acquisition will no longer be amortized, but will be subject to periodic impairment tests. Other intangible assets, such as workforce-in-place, will be reclassified to goodwill, according to SFAS No. 141's new definition of intangible assets.

SOLECT

On April 5, 2000, the Company acquired Solect Technology Group Inc. ("Solect"), a leading provider of customer care and billing software to IP service providers. Under the terms of the combination agreement, all then outstanding Solect common shares were exchanged for shares of a newly issued class of exchangeable shares of Solect. The Solect exchangeable shares entitle holders to dividends and other rights economically equivalent to the Company's Ordinary Shares, including the right, through a voting trust, to vote at the Company's shareholder meetings, and are exchangeable at the option of holders into the Company's Ordinary Shares on a one-for-one basis. The total purchase price of $1,087,711, based on a per share price of $69.875 for the Company's Ordinary Shares, included the issuance of 13,846 exchangeable shares, the grant of options to purchase 1,654 Ordinary Shares, as well as transaction costs. The acquisition was accounted for using the purchase method of accounting. The fair market value of Solect's assets and liabilities has been included in the Company's balance sheet and the results of Solect's operations are included in the Company's consolidated statement of income, commencing on April 6, 2000. The value of acquired technology, which was independently determined, included both existing technology and in-process research and development. The valuation of these items was made by applying the income forecast method, which considered the present value of cash flows by product lines. The fair value of core technology was valued at $18,259 and was fully amortized over two years commencing on April 6, 2000. Purchased in-process research and development, valued at $50,443, was charged as an expense immediately following the completion of the acquisition in accordance with FIN 4, since this technology had not reached technological feasibility and had no alternative use. This technology required varying additional development, coding and testing efforts before technological feasibility could be determined. The fair value of customer base was valued at $1,211 and the fair value of workforce-in-place was valued at $3,259, each of which is being amortized over three years commencing on April 6, 2000. The excess of the purchase price over the fair value of net assets acquired, or goodwill, of $985,271 is being amortized over five years commencing on April 6, 2000. As a result of the adoption of SFAS No. 142, commencing fiscal 2003, goodwill related to the Solect acquisition will no longer be amortized, but will be subject to periodic impairment tests. Other intangible assets, such as workforce-in-place, will be reclassified as goodwill, according to SFAS No. 141's new definition of intangible assets.

(IN THOUSANDS, EXCEPT PER SHARE DATA)

Set forth below is the unaudited pro forma revenue, operating income, net loss and loss per share figures for the year ended September 30, 2000, as if ITDS and Solect had been acquired as of October 1, 1998, excluding the write-off of purchased in-process research and development and other indirect acquisition-related costs:

	YEAR ENDED SEPTEMBER 30, 2000
Revenue	$1,152,783
Operating income	41,516
Net loss	(25,516)
Basic loss per share	(0.12)
Diluted loss per share	(0.12)

CLARIFY

On November 28, 2001, the Company purchased from Nortel Networks Corporation substantially all of the assets of its Clarify business ("Clarify"), a leading provider of Customer Relationship Management ("CRM") software to communications companies and other enterprise sectors. This acquisition positioned the Company as a leading provider of CRM software to the communications industry and, through the addition of Clarify's CRM software to the Company's Business Support Systems offerings, reinforced the Company's leadership in delivering a comprehensive portfolio of business software applications. Following the acquisition, the Company has continued to sell Clarify's CRM software to customers other than communications service providers, although this is not the focus of the Company's business and, as a result, it believes that revenue from such customers will slightly increase over time. The aggregate initial purchase price for Clarify as of September 30, 2002 was $212,000 in cash, including transaction costs of $8,250. The purchase price was subject to final price adjustments that were settled in October 2002 and resulted in an $11,265 reduction of the purchase price to $200,735 in the first quarter of fiscal 2003. The acquisition was accounted for as a business combination using the purchase method of accounting, as required by SFAS No. 141. The fair market value of Clarify's assets and liabilities has been included in the Company's balance sheet and the results of Clarify's operations are included in the Company's consolidated statements of operations, commencing on November 29, 2001. The Company obtained a valuation of the intangible assets acquired in the Clarify transaction. The value of acquired technology included both existing technology and in-process research and development. The valuation of these items was made by applying the income forecast method, which considered the present value of cash flows by product lines. Of the $65,600 of acquired identifiable intangible assets, $17,400 was assigned to in-process research and development and was written off as of the closing date of the acquisition, in accordance with FIN 4. The fair value assigned to core technology was $13,400 and is being amortized over two years commencing on November 29, 2001. The fair value assigned to customer arrangements was $34,800 and is being amortized over three years commencing on November 29, 2001.The excess of the purchase price over the fair value of the net assets acquired, or goodwill, as of September 30, 2002, was $161,258, of which $156,478 is tax deductible. The amount assigned to goodwill was subject to possible purchase price adjustments and other contingencies, which were settled in October 2002, as discussed above. The goodwill is accounted for under SFAS No. 142. In accordance with SFAS No. 142, goodwill from acquisitions after June 30, 2001 is no longer amortized, but is subject to periodic impairment tests. Under the transition provisions of SFAS No. 142, goodwill for acquisitions prior to July 1, 2001 will continue to be amortized only through September 30, 2002. As a result, goodwill associated with the acquisition of Clarify is not amortized, while goodwill associated with other acquisitions by the Company will be amortized only through the end of fiscal 2002.

(IN THOUSANDS, EXCEPT PER SHARE DATA)

The following is the preliminary allocation of the purchase price and deferred tax liability:

Net liabilities acquired	$ (11,987)
Core technology	13,400
Customer arrangements	34,800
In-process research and development	17,400
Deferred tax liability	(2,871)
Goodwill	161,258
	$ 212,000

As discussed above, the purchase price was subject to final price adjustments that were settled in October 2002. The purchase price allocation above is not final and will be affected by these adjustments.

(IN THOUSANDS, EXCEPT PER SHARE DATA)

Set forth below is the unaudited pro forma revenue, operating income, net income (loss) and per share figures for the years ended September 30, 2002 and 2001, as if Clarify had been acquired as of October 1, 2000, excluding the write-off of purchased in-process research and development:

	YEAR ENDED SEPTEMBER 30,	
	2002	2001
Revenue	$ 1,633,565	$ 1,776,063
Operating income	54,962	27,218
Net income (loss)	2,753	(33,521)
Basic earnings (loss) per share	0.01	(0.15)
Diluted earnings (loss) per share	0.01	(0.15)

As a result of SFAS No. 142, goodwill associated with acquisitions completed after June 30, 2001 is not amortized and, accordingly, the pro forma information above reflects no amortization of goodwill related to the Clarify acquisition.

NOTE 4 - RELATED PARTY TRANSACTIONS

The following related party balances are included in the balance sheets:

	AS OF SEPTEMBER 30,	
	2002	2001
Accounts receivable, including unbilled of $100 and $4,479 in 2002 and 2001, respectively	$ 55,458	$ 104,096
Prepaid expenses and other current assets (1)	1,550	-
Other noncurrent assets (2)	48,453	10,091

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(1) Consists of interest receivable accrued on convertible debentures issued to the Company by Certen Inc. ("Certen"), a company formed by Bell Canada and the Company in January 2001.

(2) Consists of an investment in Certen in equity and convertible debentures. The investment in Certen is accounted for under the cost method, based on the Company's 10% ownership of Certen. As part of its original commitment, the total additional financial investment the Company will be making in Certen is approximately $5,000, translated from Canadian dollars, which is the functional currency for the Certen transaction. The Company's exposure to currency fluctuation with respect to the convertible debenture component of this investment has been substantially hedged.

(IN THOUSANDS, EXCEPT PER SHARE DATA)

The Company licenses software and provides computer systems integration and related services to affiliates of SBC Communications, Inc., including Certen. The following related party revenue is included in the statements of operations:

	YEAR ENDED SEPTEMBER 30,		
	2002	2001	2000
Revenue:			
License	$ 30,551	$ 37,356	$ 15,888
Service	314,341	264,278	144,859

The following related party expenses are included in the statements of operations:

	YEAR ENDED SEPTEMBER 30,		
	2002	2001	2000
Operating expenses (1):			
Cost of service	$ 2,642	$ 3,232	$ 2,814
Selling, general and administrative	336	663	700
Interest income and other, net (2)	1,886	89	-

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(1) The Company leases office space on a month-to-month basis and purchases other miscellaneous support services from affiliates of a certain shareholder.

(2) Represents interest and exchange rate differences, net of hedging, on the convertible debentures issued in connection with the Certen transaction. Absent hedging, these amounts would be $1,402, $89 and $0 for the years ended September 30, 2002, 2001 and 2000, respectively.

NOTE 5 - SHORT-TERM INTEREST-BEARING INVESTMENTS

Short-term interest-bearing investments consisted of the following:

	AMORTIZED COST AS OF SEPTEMBER 30,		MARKET VALUE AS OF SEPTEMBER 30,	
	2002	2001	2002	2001
Federal agencies	$ 110,743	$ 192,095	$ 112,092	$ 193,537
U.S. government treasuries	77,279	-	79,276	-
Corporate bonds	100,544	29,692	102,646	30,468
Mortgages (including government and corporate)	254,593	-	256,027	-
Municipal bonds	13,543	-	13,543	-
Other	17,355	13,053	17,580	13,064
	574,057	234,840	581,164	237,069
Allowance for unrealized gain	7,107	2,229	-	-
Total	$ 581,164	$ 237,069	$ 581,164	$ 237,069

(IN THOUSANDS, EXCEPT PER SHARE DATA)

As of September 30, 2002, short-term interest-bearing investments had the following expected maturity dates:

	MARKET VALUE
2003	$280,204
2004	155,887
2005	90,386
2006	44,841
2007	9,846
Total	$581,164

NOTE 6 - ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following:

	AS OF SEPTEMBER 30,	
	2002	2001
Accounts receivable - billed	$ 314,828	$ 365,697
Accounts receivable - unbilled	24,144	23,272
Less - allowances	(26,240)	(4,118)
Accounts receivable, net	$ 312,732	$ 384,851

NOTE 7 - EQUIPMENT, VEHICLES AND LEASEHOLD IMPROVEMENTS, NET

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

	AS OF SEPTEMBER 30,	
	2002	2001
Computer equipment	$211,010	$171,155
Vehicles furnished to employees	53,696	54,140
Leasehold improvements	54,319	49,137
Furniture and fixtures	38,672	31,434
	357,697	305,866
Less accumulated depreciation	196,795	132,171
	$160,902	$173,695

The Company has entered into various arrangements for the leasing of vehicles for periods of five years, carrying interest rates of LIBOR plus an interest rate ranging 0.5% to 0.9% (between 2.29% to 2.69% as of September 30, 2002). The Company has accounted for these as capital leases and amortization costs have been included in depreciation expense. Vehicles under capital lease arrangements had cost of $49,582 and

(IN THOUSANDS, EXCEPT PER SHARE DATA)

$52,165 with related accumulated depreciation of $21,520 and $15,351 as of September 30, 2002 and 2001, respectively.

Capital lease payments, excluding interest, due over the next five years are as follows:

FOR THE YEARS ENDED SEPTEMBER 30,	
2003	$ 10,347
2004	6,639
2005	6,304
2006	2,079
2007	118

NOTE 8 - GOODWILL AND OTHER INTANGIBLE ASSETS, NET

Goodwill and other intangible assets, net are:

	ESTIMATED USEFUL LIFE (IN YEARS)	AS OF SEPTEMBER 30, 2002	2001
Goodwill (1)(2)	5-15	$1,208,469	$1,057,314
Intellectual property rights and purchased computer software	2-10	91,758	77,358
Other intangible assets	3-5	47,378	12,403
		1,347,605	1,147,075
Less accumulated amortization		597,075	358,888
		$ 750,530	$ 788,187

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(1) In accordance with SFAS No. 142, goodwill from acquisitions completed after June 30, 2001 is not amortized, but is subject to periodic impairment tests. Under SFAS No. 142, amortization of goodwill will cease, for acquisitions completed prior to July 1, 2001, on October 1, 2002.

(2) In September 2002, the Company recorded an offsetting reduction of the goodwill related to Solect acquisition due to a release of tax valuation allowance. See Note 10.

(IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 9 - OTHER NONCURRENT ASSETS

Other noncurrent assets consist of the following:

	AS OF SEPTEMBER 30, 2002	2001
Funded employee benefit costs (1)	$ 40,495	$ 33,624
Noncurrent investments, at cost (2)(3)	7,596	6,964
Noncurrent investment in convertible debentures (2)	40,857	7,827
Convertible notes issuance cost, net	5,934	10,667
Restricted cash and cash equivalents (4)	5,072	4,818
Other	10,225	7,053
	$110,179	$ 70,953

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(1) See Note 16.

(2) Consists of certain investments in non-publicly traded companies under the cost method, including investment in Certen. In January 2001 the Company and Bell Canada formed Certen to provide customer care and billing solutions to Bell Canada and some of its affiliated companies. Certen is owned 90% by Bell Canada and 10% by the Company. Commencing on the 30-month anniversary of the transaction, convertible debentures issued by Certen to the Company will be convertible into an additional 35% ownership interest in Certen. The relative ownership interests of the Company might further be modified through the exercise of a series of contractual rights, commencing on the 30-month anniversary of the transaction. The Company provides the customer care and billing software required by Certen, including customization, installation, maintenance and other services. The Company accounts for the investment in Certen under the cost method. See Note 4.

(3) In fiscal 2002, the Company recorded pretax charges of $5,500 to adjust the carrying value of two investments, accounted for by the Company under the cost method. In fiscal 2001, the Company recorded pretax charges of $6,750 to adjust the carrying value of four investments, accounted for by the Company under the cost method. Following these adjustments, as of September 30, 2002, the Company had one remaining investment, the investment in Certen, accounted for under the cost method. The Company continues to monitor the economic and financial aspects of its remaining interests in this investment.

(4) The Company was required to maintain restricted cash and cash equivalents balances relating to letters of credit and bank guarantees.

(IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 10 - INCOME TAXES

The provision for income taxes consists of the following:

	YEAR ENDED SEPTEMBER 30,		
	2002	2001	2000
Current	$ 75,185	$ 110,163	$ 80,076
Deferred	(1,665)	5,018	(1,196)
	$ 73,520	$ 115,181	$ 78,880

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

Deferred income taxes are comprised of the following components:

	AS OF SEPTEMBER 30,	
	2002	2001
Deferred tax assets:		
Deferred revenue	$ 23,303	$ 18,033
Accrued employee costs	19,367	20,589
Intangible assets, computer software and intellectual property	14,790	6,553
Net operating loss carry forwards	22,657	30,358
Other	11,899	10,275
Valuation allowances	(10,704)	(27,907)
Total deferred tax assets	81,312	57,901
Deferred tax liabilities:		
Anticipated withholdings on subsidiaries' earnings	(42,149)	(32,730)
Intangible assets, computer software and intellectual property	(10,007)	(7,410)
Other	(8,522)	(2,185)
Total deferred tax liabilities	(60,678)	(42,325)
Net deferred tax assets	$ 20,634	$ 15,576

(IN THOUSANDS, EXCEPT PER SHARE DATA)

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

	YEAR ENDED SEPTEMBER 30,		
	2002	2001	2000
Statutory Guernsey tax rate	20%	20%	20%
Guernsey tax-exempt status	(20)	(20)	(20)
Foreign taxes	28	30	30
Income tax rate before effect of acquisitions-related costs and restructuring charges	28	30	30
Effect of acquisition-related costs	48	33	19
Income tax rate before restructuring charges, in-process research and development and gain from the repurchase of Notes	76	63	49
Restructuring charges and in-process research development and gain from the repurchase of Notes	31	--	44
Effective income tax rate	107%	63%	93%

These high effective tax rates were primarily attributable to amortization of goodwill related to the Company's acquisitions, much of which is not tax deductible. In the year ended September 30, 2002 the Company's effective tax rate was also adversely affected by the fixed non-deductible expenditures representing a larger component of the Company's pretax income.

As of September 30, 2002, the Company had deferred tax assets of $22,657 derived primarily from Canadian net operating loss carry-forwards. The net operating loss carry-forwards will expire within eight to ten years. Until fiscal 2002 the realization of these assets through future taxable earnings was uncertain, and as a result a valuation allowance was recorded. As of September 30, 2002, the Company estimated that operating losses acquired in the Solect transaction would be realized through future taxable earnings. As a result, related valuation allowance of $8,957 was released as an offsetting reduction of the goodwill recorded in the Solect transaction. The remainder of the valuation allowance of $10,704 is related to Canadian operating losses other than those acquired in the Solect transaction.

NOTE 11 - SHORT-TERM FINANCING ARRANGEMENTS

The Company's financing transactions are described below:

As of September 30, 2002, the Company had available short-term general revolving lines of credit totaling $40,000. During fiscal 2002 and as of September 30, 2002, there was no outstanding balance under any of these credit lines.

In addition, as of September 30, 2002, the Company had credit facilities totaling $43,840, limited for the use of letters of credit and bank guarantees from various banks. Outstanding letters of credit and bank guarantees as of September 30, 2002 totaled $24,460. These were mostly supported by a combination of the credit facilities described above and restricted cash balances that the Company maintains with the issuing banks. See Note 9.

NOTE 12 - CONVERTIBLE NOTES

In May 2001 the Company issued $500,000 aggregate principal amount of 2% Convertible Notes due June 1, 2008 (the "Notes"). The Company is obligated to pay interest on the Notes semi-annually on June 1 and December 1 of each year. The Notes are senior unsecured obligations of the Company and rank equal in right of payment with all of existing and future senior unsecured indebtedness of the Company. The Notes are convertible, at the option of the holders at any time before the maturity date, into Ordinary Shares of the Company at a conversion rate of 10.8587 shares per one thousand dollars principal amount, representing a conversion price of approximately $92.09 per share. The Notes are subject to redemption at any time on or after June 1, 2006, in whole or in part, at the option of the Company, at a redemption price of 100% of the principal amount plus accrued and unpaid interest. The Notes are subject to repurchase, at the holders' option, on June 1, 2004 and June 1, 2006, at a repurchase price equal to 100% of the principal amount plus accrued and unpaid interest, if any, on such repurchase date. The Company may choose to pay the repurchase price in cash, Ordinary Shares or a combination of cash and Ordinary Shares.

On July 23, 2002, the board of directors authorized the Company to repurchase the Notes, in such amounts, at such prices and at such times considered appropriate. Such repurchases may be made on the open market, in privately negotiated transactions or otherwise, in accordance with any applicable laws and the terms of the Notes. During the fourth quarter of fiscal 2002, the Company had repurchased $54,946 aggregate principal amount of the Notes at an average price of $890 per $1,000 principal amount, resulting in a gain of $6,012. See Note 14. The Company funded these repurchases, and intends to fund any future repurchases, with available funds. As of September 30, 2002, $445,054 aggregate principal amount of the Notes was outstanding.

(IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 13 - NONCURRENT LIABILITIES AND OTHER

Noncurrent liabilities and other consist of the following:

	AS OF SEPTEMBER 30, 2002	AS OF SEPTEMBER 30, 2001
Accrued employees costs	$ 66,850	$ 62,663
Noncurrent customer advances	24,146	--
Long-term portion of capital lease obligations	15,138	24,779
Noncurrent forward exchange obligations	--	2,265
Accrued lease obligations	14,031	2,166
Other	3,914	1,086
	$124,079	$ 92,959

NOTE 14 - INTEREST INCOME AND OTHER, NET

Interest income and other, net consists of the following:

	YEAR ENDED SEPTEMBER 30, 2002	2001	2000
Interest income	$ 31,856	$ 32,156	$ 14,254
Interest expense	(16,004)	(8,678)	(2,528)
Gain from repurchase of Notes(*)	6,012	--	--
Other, net	(2,566)	(1,192)	(992)
	$ 19,298	$ 22,286	$ 10,734

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(*) See Note 12.

NOTE 15 - CONTINGENCIES

Commitments

The Company leases office space under non-cancelable operating leases in various countries in which it does business. Future minimum non-cancelable lease payments required after October 1, 2002 are as follows:

FOR THE YEARS ENDED SEPTEMBER 30,	
2003	$ 43,794
2004	40,681
2005	36,540
2006	32,945
2007	23,805
Thereafter	26,416
	$ 204,181

Future minimum non-cancelable lease payments, as stated above, do not reflect committed future sublease income of $2,634, $2,681, $1,794, $1,444, $914 and $1,746 for the years ended September 30, 2003, 2004, 2005, 2006, 2007 and thereafter, respectively. Of the $192,968 net operating leases, net of $11,213 of sublease income, $11,087 has been included in accrued restructuring charges as of September 30, 2002.

Rent expense, including accruals for future lease losses, was approximately $39,141, $40,506 and $20,400 for fiscal 2002, 2001 and 2000, respectively.

Litigation

Beginning on June 24, 2002, a number of complaints were filed by holders of the Company's Ordinary Shares against the Company and four of its officers and directors, in the United States District Courts for the Eastern District of Missouri and the Southern District of New York. The complaints allege violations of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder. Each plaintiff seeks to represent a putative class of all purchasers of the Company's Ordinary Shares between July 18, 2000 (or, in some of the complaints, July 24, 2001) and June 20, 2002. The complaints generally allege that, during that period, the Company and the individual defendants made false or misleading statements, in press releases and Securities and Exchange Commission filings, regarding among other things the Company's future prospects, backlog, revenue, gross margin, acquisitions and accounting practices. Each plaintiff seeks unspecified monetary damages and other relief against all defendants. The parties in the New York cases have stipulated to transfer them to the Eastern District of Missouri. The court has not yet appointed a lead plaintiff. The Company disputes the allegations of wrongdoing in these complaints and intends to defend itself vigorously.

NOTE 16 - EMPLOYEE BENEFITS

The Company accrues severance pay for the employees of its Israeli operations in accordance with Israeli law and certain employment procedures on the basis of the latest monthly salary paid to these employees and the length of time that they have worked for the Israeli operations. The severance pay liability, which is included in noncurrent liabilities and other, is partially funded by amounts on deposit with insurance companies, which are included in other noncurrent assets. Severance expenses were approximately $9,953, $17,242 and $17,614 for fiscal 2002, 2001 and 2000, respectively.

The Company sponsors defined contribution plans covering certain employees in the U.S., U.K. and Canada. The plans provide for Company matching contributions based upon a percentage of the employees' voluntary contributions. The Company's fiscal 2002, 2001 and 2000 plan contributions were not significant.

(IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 17 - CAPITAL TRANSACTIONS

The following are details of the Ordinary Shares issued and outstanding:

	AS OF SEPTEMBER 30, 2002	2001
Voting Ordinary Shares	220,780	211,849
Non-Voting Ordinary Shares	2,535	10,779
Ordinary Shares issued	223,315	222,628
Less - treasury stock	(7,732)	--
Ordinary Shares outstanding	215,583	222,628

All the Non-Voting Ordinary Shares are held by a single shareholder. Under the Company's Articles of Association, upon the transfer or sale of such shares to another party, the shares automatically convert to Voting Ordinary Shares.

The Company's capital transactions are described below:

On November 30, 1999 the Company issued 6,461 Ordinary Shares in connection with the acquisition of ITDS. On April 5, 2000 the Company issued 13,846 exchangeable shares in connection with the acquisition of Solect. See Note 3.

Total proceeds from the exercise of employee stock options amounted to $5,161, $13,967 and $21,360 in fiscal 2002, 2001 and 2000, respectively.

On November 6, 2001, the Company announced that its board of directors had approved a twelve-month share repurchase program authorizing the repurchase of up to 11,000 Ordinary Shares, or approximately 5% of the Company's outstanding Ordinary Shares as of that date. On April 23, 2002, the Company announced that its board of directors had expanded the existing stock repurchase plan to authorize the purchase of up to 20,000 shares, or approximately 9% of the Company's outstanding Ordinary Shares. Under the program, from time to time through November 2002, the Company was authorized to repurchase shares on the open market, in privately negotiated transactions or otherwise, in accordance with any applicable laws, and at times and prices considered appropriate by the Company. During fiscal 2002 the Company repurchased 7,732 Ordinary Shares, at an average price of $14.13 per share. The Company funded these repurchases, and intends to fund any future repurchases, with available funds.

NOTE 18 - STOCK OPTION AND INCENTIVE PLAN

In January 1998, the Company first adopted, and in each of January 1999, January 2000 and January 2001 the Company has amended, the Amdocs Limited 1998 Stock Option and Incentive Plan (the "Plan"). Under the provisions of the Plan, 32,300

(IN THOUSANDS, EXCEPT PER SHARE DATA)

Ordinary Shares are available to be granted to officers, directors, employees and consultants. Such options fully vest over one to nine years and have a term of ten years.

On November 30, 1999, the Company issued additional options to purchase 1,103 Ordinary Shares in connection with the acquisition of ITDS to replace issued ITDS options. On April 5, 2000, the Company issued additional options to purchase 1,654 Ordinary Shares in connection with the acquisition of Solect to replace issued Solect options. See Note 3.

The following table summarizes information about share options, as well as changes during the years ended September 30, 2002, 2001 and 2000:

	NUMBER OF SHARE OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding as of October 1, 1999	6,236.9	$ 11.75
Granted	4,948.7	52.82
Options exchanged in acquisitions	2,756.7	18.24
Exercised	(2,057.5)	10.38
Forfeited	(656.7)	30.11
Outstanding as of September 30, 2000	11,228.1	30.62
Granted	5,745.2	50.15
Exercised	(1,462.8)	9.73
Forfeited	(1,359.3)	49.59
Outstanding as of September 30, 2001	14,151.2	38.89
Granted	16,648.5	23.88
Exercised	(688.9)	7.49
Forfeited	(2,418.8)	44.02
Outstanding as of September 30, 2002	27,692.0	30.30

(IN THOUSANDS, EXCEPT PER SHARE DATA)

The following table summarizes information about share options outstanding as of September 30, 2002:

	OUTSTANDING AS OF SEPTEMBER 30, 2002			EXERCISABLE AS OF SEPTEMBER 30, 2002	
EXERCISE PRICE	NUMBER OUTSTANDING	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (IN YEARS)	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
$ 0-3.01	993.9	5.70	$ 2.02	857.3	$ 1.95
6.40-18.60	6,163.5	9.23	8.70	766.1	11.93
20.85-28.60	4,238.3	8.41	26.36	418.7	23.91
30.94-31.90	6,257.0	9.20	31.01	4.6	30.94
33.07-47.25	5,732.8	8.51	37.63	1,256.6	38.29
47.90-65.01	3,528.4	7.98	58.58	1,240.1	58.34
66.25-78.31	778.1	7.81	71.04	358.5	71.03

The weighted average grant-date fair value of the 16,648.5, 5,745.2 and 4,948.7 options granted in fiscal 2002, 2001 and 2000, respectively, amounted to $10.93, $23.07 and $35.71, respectively, per option. The Company utilized the Black-Scholes option-pricing model to estimate fair value, utilizing the following assumptions for the year (all in weighted averages):

	YEAR ENDED SEPTEMBER 30,		
	2002	2001	2000
Risk-free interest rate	2.85%	5.15%	5.75%
Expected life of options	2.89	3.26	3.23
Expected annual volatility	0.756	0.660	1.086
Expected dividend yield	None	None	None

Had compensation cost for the Company's options been determined based on fair value at the grant dates for awards made in fiscal 2002, 2001 and 2000 in accordance with SFAS No. 123, the Company's pro forma net loss and loss per share would have been as follows:

	YEAR ENDED SEPTEMBER 30,		
	2002	2001	2000
Pro forma net loss	$ (115,224)	$ (3,502)	$ (23,022)
Pro forma diluted loss per share	(0.52)	(0.02)	(0.11)

(IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 19 - (LOSS) EARNINGS PER SHARE

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

	YEAR ENDED SEPTEMBER 30,		
	2002	2001	2000
Numerator:			
Net (loss) income	$ (5,061)	$ 66,386	$ 5,978
Denominator:			
Denominator for basic (loss) earnings per share - weighted average number of shares outstanding (1)	220,361	222,002	212,005
Effect of dilutive stock options granted (2)	--	4,830	4,930
Denominator for dilutive (loss) earnings per share - adjusted weighted average shares and assumed conversions (1)	220,361	226,832	216,935
Basic (loss) earnings per share	$ (0.02)	$ 0.30	$ 0.03
Diluted (loss) earnings per share	$ (0.02)	$ 0.29	$ 0.03

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(1) The weighted average number of shares outstanding includes exchangeable shares issued to shareholders of Amdocs Canada, Inc. (formerly Solect) pursuant to the Company's acquisition of Solect in April 2000, which are exchangeable for the Company's Ordinary Shares on a one-for-one basis.

(2) Due to net loss, 2,201 anti-dilutive securities are excluded from the computation of diluted average number of shares outstanding.

The effect of the Notes on diluted (loss) earnings per share was anti-dilutive for the years ended September 30, 2002 and 2001, and therefore was not included in the calculation above. The weighted average effect of the repurchase of Ordinary Shares by the Company has been included in the calculation of basic (loss) earnings per share. See Note 17.

(IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 20 - SEGMENT INFORMATION AND SALES TO SIGNIFICANT CUSTOMERS

The Company and its subsidiaries operate in one business segment, providing business support systems and related services primarily for the communications industry.

GEOGRAPHIC INFORMATION

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

	YEAR ENDED SEPTEMBER 30,		
	2002	2001	2000
REVENUE			
North America	$ 999,037	$ 825,309	$ 510,129
Europe	466,098	549,106	474,300
Rest of the world	148,430	159,495	133,891
Total	$1,613,565	$1,533,910	$1,118,320
LONG-LIVED ASSETS			
North America (1)	$ 842,782	$ 866,846	$1,041,383
Israel (2)	77,988	88,794	85,518
Rest of the world	60,346	43,571	33,466
Total	$ 981,116	$ 999,211	$1,160,367

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(1) Primarily goodwill, computer software and intellectual property rights.

(2) Primarily computers and vehicles.

REVENUE AND CUSTOMER INFORMATION

Customer care and billing, customer relationship management or CRM, and order management systems (collectively, "CC&B") include systems for wireline, wireless, voice, data, broadband, content, electronic and mobile commerce and IP services. Directory includes directory sales and publishing systems for publishers of both traditional printed yellow pages and white pages directories and electronic Internet directories.

	YEAR ENDED SEPTEMBER 30,		
	2002	2001	2000
CC&B	$1,439,980	$1,379,654	$ 986,553
Directory	173,585	154,256	131,767
Total	$1,613,565	$1,533,910	$1,118,320

(IN THOUSANDS, EXCEPT PER SHARE DATA)

SALES TO SIGNIFICANT CUSTOMERS

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

	YEAR ENDED SEPTEMBER 30,		
	2002	2001	2000
Nextel Communications group	12%	10%	(*)%
SBC Communications Inc. group, a related party	11	13	13
Vodafone group	10	11	14

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(*) Less than 10 percent of total revenue

NOTE 21 - OPERATIONAL EFFICIENCY AND COST REDUCTION PROGRAM

In October 2001, as part of a plan to achieve increased operational efficiency and to more closely monitor and reduce costs, the Company consolidated its Stamford, Connecticut data center into its Champaign, Illinois facility, and closed the Stamford facility. As a direct result of this closure, the Company recorded a nonrecurring charge of $13,311 in the first quarter of fiscal 2002, primarily for the write-off of leasehold improvements and rent obligations, with the remainder for employee separation costs. In addition, as part of a general effort to reduce costs, the Company has decreased its overall commitments for employee compensation, through a lesser reliance on fixed compensation programs and a greater reliance on discretionary arrangements.

On June 20, 2002, the Company announced its intention to implement a cost reduction program to reduce costs by approximately 10% in response to a decline of the Company's forecasted revenue for the third and fourth quarters of fiscal 2002. The decline resulted from, among other factors, slowdowns in customer buying decisions in the third quarter of fiscal 2002, stemming from overall reductions in the capital investment budgets of many communications service providers, leading to fewer new contracts for the Company than it had expected, as well as smaller than expected initial spending commitments and reduced discretionary spending under the Company's contracts with some of its customers.

The Company recorded a charge of $20,919 in the fourth quarter of fiscal 2002, consisting primarily of employee separation costs in connection with the elimination of approximately one thousand positions of software and information technology specialists and administrative professionals that have been eliminated by the Company, with the remainder for the write-off of leasehold improvements and rent obligations. Except for certain lease termination costs that will be paid over the respective lease terms, the

(IN THOUSANDS, EXCEPT PER SHARE DATA)

Company expects to pay substantially all of the remaining accrual balance of the cost reduction program in the first quarter of fiscal 2003.

These charges are included in "restructuring charges, in-process research and development and other indirect acquisition-related costs" for the year ended September 30, 2002.

As of September 30, 2002, the remaining restructuring expense reserves were $14,884. The remaining employee separation costs are expected to be paid out through the first quarter of fiscal 2003. Facility related costs are expected to be paid out through April 2012. Actual future cash requirements may differ materially from the accrual as of September 30, 2002, particularly if actual sublease income is significantly different from current estimates.

A summary of restructuring activities along with respective remaining reserves follows:

	Restructuring Charges		Cash	Non-cash	Balance as of September 30, 2002
	Plan 1(*)	Plan 2(*)			
Employee separation costs	$ 2,530	$ 11,353	$(10,525)	$ --	$ 3,357
Facilities	6,255	7,880	(3,048)	--	11,087
Asset write-offs	4,126	1,584	--	(5,710)	--
Other	400	102	(62)	--	440
	$ 13,311	$ 20,919	$(13,635)	$ (5,710)	$ 14,884

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(*) Plan 1 refers to the closure of the Stamford facility in the first quarter of fiscal 2002. Plan 2 refers to the cost reduction program implemented in the fourth quarter of fiscal 2002.

For additional cost reduction measures, see Note 24.

NOTE 22 - FINANCIAL INSTRUMENTS

The Company enters into forward contracts to sell foreign currency in order to hedge its exposure associated with some firm commitments from customers in non-U.S. dollar-based currencies and treats these for accounting purposes as fair value hedges. The Company also enters into forward contracts in foreign currency to reduce the exposure associated with estimated receipts from customers and with anticipated costs (primarily personnel costs), in non-U.S. dollar-based currencies and treats these as cash flow hedges. The derivative financial instruments are afforded hedge accounting because they are effective in managing foreign exchange risks and are appropriately assigned to the underlying exposures. The Company does not engage in currency speculation. Generally, the Company measures the differential between forward rates and spot rates on forward exchange contracts as the inherent ineffectiveness of a hedging arrangement. Accordingly, changes in the fair value of forward exchange contracts, which are classified as fair value hedges, offset the change in the fair value of the hedged item to the extent of the arrangement's effectiveness. The effective portion of the change in the fair value of forward exchange contracts, which are classified as cash flow hedges, is recorded as comprehensive income until the underlying transaction is recognized in earnings. Forward contracts, which are not designated as hedging instruments under SFAS No. 133, are used to hedge the impact of the variability in exchange rates on certain accounts receivables and investment in Certen convertible debentures denominated in foreign currencies.

The fair values of the forward derivatives were $(7,125) and $(11,298) on September 30, 2002 and 2001, respectively. The Company currently enters into forward exchange contracts exclusively with major financial institutions.

During fiscal 2002 and 2001, there were no significant gains or losses recognized in earnings for hedge ineffectiveness, and the Company did not recognize in earnings any significant gains or losses resulting from a hedged firm commitment that no longer qualified as a fair value hedge. During fiscal 2002, the Company recognized in earnings $25 loss resulting from hedged forecasted cash flows that no longer qualified as cash flow hedges.

Derivatives gains and losses, that are included in other comprehensive income, are reclassified into earnings at the time the forecasted revenue or operation expenses are recognized. The Company estimates that a $4,874 derivative net loss included in other comprehensive income will be reclassified into earnings within the next twelve months.

(IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 23 - SELECTED QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following are details of the unaudited quarterly results of operations for the three months ended:

	SEPTEMBER 30,	JUNE 30,	MARCH 31,	DECEMBER 31,
2002 (*)				
Revenue	$ 355,520	$ 380,135	$ 455,269	$ 422,641
Operating (loss) income	(25,385)	2,503	50,813	21,229
Net (loss) income	(8,986)	(26,851)	26,441	4,334
Basic and diluted (loss) earnings per share	(0.04)	(0.12)	0.12	0.02
2001				
Revenue	$ 415,447	$ 404,007	$ 372,289	$ 342,167
Operating income	49,529	44,864	37,356	27,532
Net income	19,905	18,492	15,413	12,576
Basic and diluted earnings per share	0.09	0.08	0.07	0.06

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(*) In fiscal 2002, the fiscal quarters ended December 31, 2001 and September 30, 2002 included restructuring charges, purchased in-process research and development expense and gain from the repurchase of Notes of $30,711, $20,919 and $6,012, respectively.

NOTE 24 - SUBSEQUENT EVENT

On November 27, 2002 the Company announced a series of measures designed to reduce costs and improve productivity. As part of this plan, the Company will reduce its workforce by approximately 400 positions out of a total workforce of 9,000 employees. The reductions will be from different centers around the world. In addition, the Company will implement other cost reduction measures, including travel cuts and reductions in other discretionary costs.

VALUATION AND QUALIFYING ACCOUNTS

Description	Balance at beginning of period	Additions: Charged to costs and expenses	Additions: Charged to other accounts	Deductions	Balance at end of period
Accounts receivable allowances	4,118	--	22,859(*)	(737)	26,240
Valuation allowances	27,907	--	--	(17,203)	10,704

(*) Includes accounts receivable allowance of $13,777 acquired as part of the acquisition of Clarify.

EXHIBIT INDEX

EXHIBIT NO. DESCRIPTION - -- ----- ---------- - 1. Memorandum and Articles of Association of Amdocs Limited (incorporated by reference to Exhibits 3.1 and 3.2 to Amdocs' Registration Statement on Form F-1 dated June 19, 1998; Registration No. 333-8826) 2.a.1 Indenture dated May 30, 2001 between Amdocs and United States Trust Company of New York (incorporated by reference to Exhibit 4.1 to Amdocs' Form 6-K dated May 31, 2001) 2.a.2 Registration Rights Agreement dated May 30, 2001 between Amdocs and Goldman, Sachs & Co. (incorporated by reference to Exhibit 4.2 to Amdocs' Form 6-K dated May 31, 2001) 3. Voting and Exchange Trust Agreement dated as of April 5, 2000 among Amdocs Limited, Amdocs (Denmark) ApS., Amdocs Holdings ULC, Solect Technology Group Inc. and The Trust Company of Bank of Montreal (incorporated by reference to Exhibit 3 to Amdocs' Annual Report on Form 20-F for the fiscal year ended September 30, 2000 4.a.1 Agreement and Plan of Merger dated as of September 3, 1999 among Amdocs Limited, Ivan Acquisition Corp. and International Telecommunication Data Systems, Inc. (incorporated by reference to Exhibit 2.1 to Amdocs' Current Report on Form 6-K dated September 10, 1999) 4.a.2 Combination Agreement dated as of February 28, 2000 among Amdocs Limited, Solect

Technology Group Inc., Amdocs (Denmark) ApS. and Amdocs Holdings ULC (incorporated by reference to Exhibit 2.1 to Amdocs' Current Report on Form 6-K dated March 3, 2000) 4.a.3 Acquisition Agreement dated as of October 1, 2001, between Amdocs Limited and Nortel Networks Corporation. (incorporated by reference to Exhibit 2.1 to Amdocs' Current Report on Form 6-K dated October 10, 2001) 4.b.1 Information Technology Services Agreement between Amdocs, Inc. and SBC Services, Inc. dated January 9, 2003 (confidential material has been redacted and complete exhibits have been separately filed with the Securities and Exchange Commission) 4.c.1 Amdocs Limited 1998 Stock Option and Incentive Plan, as amended January 24, 2001 (incorporated by reference to Exhibit 4 to Amdocs' Registration Statement on Form S-8 dated April 6, 2001; Registration No. 333-58454) 8. Subsidiaries of Amdocs Limited 10.a.1 Consent of Ernst & Young LLP 10.a.2 Certification of Chief Executive Officer and Chief Financial Officer

EXHIBIT NO. 4.b.1

AGREEMENT NO. 02026409

Confidential Materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote omissions.

INFORMATION TECHNOLOGY SERVICES AGREEMENT

This Information Technology Services Agreement (this "AGREEMENT") is entered into effective January 9, 2003 (the "EFFECTIVE DATE") by and between SBC Services, Inc., a Delaware corporation having a principal place of business in San Antonio, Texas ("SBC" or "CLIENT"), and Amdocs, Inc., a Delaware corporation having a principal place of business in St. Louis, Missouri ("AMDOCS", "VENDOR" or "SUPPLIER").

WHEREAS, SBC and Amdocs have engaged in extensive negotiations, discussions and due diligence that have culminated in the formation of the contractual relationship described in this Agreement;

WHEREAS, SBC desires to procure from Amdocs, and Amdocs desires to provide to SBC, the systems modernization and integration, engineering support and information technology products and services described in this Agreement, on the terms and conditions specified herein;

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein, and of other good and valid consideration, the receipt and sufficiency of which is hereby acknowledged, SBC and Amdocs (collectively, the "Parties" and each, a "Party") hereby agree as follows:

1. BACKGROUND AND OBJECTIVES.

1.1 INFORMATION TECHNOLOGY SERVICES.

SBC has described its requirements for the Services in various requests for information and other communications with Amdocs. In response thereto, Amdocs has delivered to SBC various documents and other communications (collectively, the "RESPONSES") all as described in SCHEDULE U, in which Amdocs represented, among other things, that it could assume responsibility for certain information technology services and software modernization and licensing for SBC and consolidate and migrate SBC's existing systems across its organization to Amdocs' newest generation of directory publishing software, in satisfaction of SBC's Requests. Accordingly, in reliance upon the Responses and in further purposes for which the Responses were solicited, SBC hereby engages Amdocs to perform all of the obligations imposed on it by SBC, including the Services (as hereinafter defined), pursuant to this Agreement, and Amdocs hereby accepts such engagement and agrees to perform its obligations in accordance with this Agreement. Without limiting the generality of the foregoing, pursuant to this Agreement, SBC is outsourcing to Amdocs its information technology support for and on behalf of the Eligible Recipients (as defined herein) (including SBC SMART Yellow Pages and SBC SNET Yellow Pages) and modernizing certain systems across the Eligible Recipients organizations and companies.

1.2 GOALS AND OBJECTIVES.

The Parties acknowledge and agree that the Services, including the delivery of the Amdocs Software Package, are intended to help SBC achieve the following goals and objectives:

(1) Reduce [**];

(2) Increase revenue [**];

(3) Increase customer satisfaction and customer loyalty;

(4) [**] SBC's business processes;

(5) [**] SBC;

(6) [**] SBC;

(7) Allow SBC [**] and allow SBC [**];

(8) Provide SBC with [**];

(9) [**] SBC information [**]; and

(10) [**] SBC's information technology operations [**] of the Amdocs System, [**] the Amdocs System, the provision by Amdocs [**] the Amdocs System, and the operation by Amdocs of the Amdocs System for SBC.

1.3 INTERPRETATION.

The provisions of this ARTICLE 1 are intended to be a general introduction to this Agreement and are not intended to expand the scope of the Parties' obligations or alter the plain meaning of this Agreement's terms and conditions, as set forth hereinafter.

RESTRICTED - PROPRIETARY INFORMATION

The information contained herein is for use by authorized employees of SBC, Amdocs, and their Affiliated Companies, only, and is not for general distribution within those companies or for distribution outside those companies except by written agreement.

2. DEFINITIONS AND DOCUMENTS.

2.1 DEFINITIONS.

As used in this Agreement:

(1) "ACCEPTANCE" means the determination, [**], pursuant to the provisions of SECTION 4.6 following implementation, installation, and testing (which may include testing in a production environment) that Deliverable(s) are in Compliance; provided, however, that SBC's use in production of such Deliverable(s) after the applicable Acceptance Test Period shall be deemed to be Acceptance of such Deliverable(s).

(2) "ACCEPTANCE TEST PERIOD" has the meaning ascribed to such term in SECTION 4.6(b).

(3) "AFFILIATE" means, generally, with respect to any Entity, any other Entity Controlling, Controlled by or under common Control with such Entity.

(4) "AGREEMENT" means this Information Technology Services Agreement between SBC and Amdocs, including all attachments, EXHIBIT and Schedules hereto, as amended from time to time.

(5) "AMDOCS ACCOUNT OFFICE" means, collectively, the Amdocs Account Executive and the Amdocs Account Manager as defined in Section 4.0 of Part 5 of SCHEDULE E (Statement of Work - Governance).

(6) "AMDOCS OWNED MATERIALS" has the meaning ascribed to such term in SECTION 14.3(a).

(7) "AMDOCS OWNED SOFTWARE" means any Software owned by Amdocs and used to provide the Services.

(8) "AMDOCS PERSONNEL" means those employees, representatives, contractors, subcontractors and agents of Amdocs, Subcontractors and Amdocs Affiliates who perform any Services under this Agreement. Amdocs Personnel shall include Transitioned Employees.

(9) "AMDOCS SOFTWARE PACKAGE" means the integrated suite of software products that will be provided to SBC by Amdocs pursuant to the Services (including all Upgrades and customizations thereto).

RESTRICTED - PROPRIETARY INFORMATION

The information contained herein is for use by authorized employees of SBC, Amdocs, and their Affiliated Companies, only, and is not for general distribution within those companies or for distribution outside those companies except by written agreement.

(10) "AMDOCS SYSTEM" means the System (including the Amdocs Software Package) to be implemented by Amdocs as part of the Services.

(11) "ANNUAL DEVELOPMENT BUDGET" has the meaning ascribed to such term in SECTION 9.5(f).

(12) "ANTIVIRUS SOFTWARE" means software programs and programming (and modifications, replacements, upgrades, enhancements, documentation, materials and media related thereto) that are used to monitor for, filter and detect the presence of Malicious Code and repair or remediate the effects of Malicious Code to the extent a Party has financial or operational responsibility for such programs or programming under SCHEDULE E.1 or E.2. Antivirus Software shall include all such programs or programming in use as of the Effective Date, including those set forth in SCHEDULE B, and those as to which the license, maintenance or support costs are included in the SBC Base Case. Antivirus Software also shall include all such programs or programming selected by or for SBC on or after the Effective Date to the extent a Party has financial or operational responsibility for such programs or programming under SCHEDULE E.1 or E.2.

(13) "APPLICATION SOFTWARE" means software application programs (and all modifications, replacements, upgrades, enhancements, documentation, materials and media related thereto) used to support day-to-day business operations and accomplish specific business objectives. Applications Software shall include, but not be limited to, all such software listed on SCHEDULE B.

(14) "ASSET INVENTORY MANAGEMENT SYSTEM" means the automated, database-driven application used by Amdocs to store, query, and continuously update asset inventory information on all assets used by Amdocs to provide the Services.

(15) "BANKRUPTCY CODE" means Title 11 of the United States Code.

(16) "BANKRUPTCY REJECTION" has the meaning ascribed to such term in SECTION 20.5(b).

(17) "BENCHMARKER" has the meaning ascribed to such term in SECTION 11.9(a).

(18) "BENCHMARKING" has the meaning ascribed to such term in SECTION 11.9(A).

(19) "BUSINESS CONTINUITY" means SBC's overall, enterprise-wide plans and activities intended to enable continued business operation in the event of any unforeseen interruption (e.g., plans and activities to move a department or business unit to a new location in the event of a business disruption).

RESTRICTED - PROPRIETARY INFORMATION

The information contained herein is for use by authorized employees of SBC, Amdocs, and their Affiliated Companies, only, and is not for general distribution within those companies or for distribution outside those companies except by written agreement.

(20) "CHANGE" means any change to the Software, Systems or Equipment including changes to timetables, programs, manual procedures, distribution parameters or Schedules.

(21) "CHANGE MANAGEMENT" means the processes relating to planning and performing all Changes pertaining to the Services, including Changes to individual components and coordination of Changes across all components thereof set forth in SECTION 9.5 and SCHEDULE E.

(22) "CHANGE REQUEST" has the meaning ascribed to such term in SECTION 9.5.

(23) "CHARGES" means the amounts set forth in ARTICLE 11 and SCHEDULE J as charges for the Services.

(24) "CMM" means the Capability Maturity Model developed by the Software Engineering Institute.

(25) "COMMENCEMENT DATE" means [**], or such other date as the Parties may agree upon in writing as the date on which Amdocs will assume full responsibility for the Services.

(26) "COMPLIANCE" and "COMPLY" means, with respect to Software, Equipment, Systems or other contract deliverables to be implemented, designed, developed, delivered, integrated, installed and/or tested by SBC or Amdocs, compliance in all material respects with the Specifications.

(27) "CONTRACT YEAR" means a period during the term of this Agreement commencing on the Commencement Date or an anniversary thereof and ending on the date one (1) year thereafter (or, if earlier, on the last day of the term of this Agreement). If any Contract Year is less than twelve (12) months, the rights and obligations under this Agreement that are calculated on a Contract Year basis will be proportionately adjusted for such shorter period.

(28) "CONTROL" and its derivatives mean: (a) the legal, beneficial, or equitable ownership, directly or indirectly, of (i) at least 50% of the aggregate of all voting equity interests in an Entity or (ii) equity interests having the right to at least 50% of the profits of an Entity or, in the event of dissolution, to at least 50% of the assets of an Entity; (b) the right to appoint, directly or indirectly, a majority of the board of directors; (c) the right to control, directly or indirectly, the management or direction of the Entity by contract or corporate governance document; or (d) in the case of a partnership, the holding by an Entity (or one of its Affiliates) of the position of sole general partner.

RESTRICTED - PROPRIETARY INFORMATION

The information contained herein is for use by authorized employees of SBC, Amdocs, and their Affiliated Companies, only, and is not for general distribution within those companies or for distribution outside those companies except by written agreement.

(29) "CRITICAL SUPPORT PERSONNEL" are those Transitioned Employees identified in SCHEDULE C as critical to the ongoing success of Amdocs' delivery of Services to SBC and the Current Eligible Recipients.

(30) "DELIVERABLE" means any deliverable (i) provided pursuant to a Major Modernization Milestone or (ii) provided pursuant to an Order.

(31) "DEVELOPED MATERIALS" means any Materials (including Software), or any modifications, enhancements or derivative works thereof, developed by or on behalf of Amdocs for SBC in connection with or as part of the Services.

(32) "DFD" means the detailed functional design phase of implementation of the Amdocs Software Package, in which the specification for Enhancements to the Amdocs Software Package designed to meet the business needs and requirements of SBC will be identified and then detailed in the DFS documents.

(33) "DFS" means the detailed functional specifications for the Amdocs Software Package and Enhancements, which are the direct result of the DFD.

(34) "DISABLING CODE" means computer instructions, features or functions that may permit Amdocs or a third party to, or may automatically: (a) alter, destroy or inhibit Software and/or a processing environment; (b) erase, destroy, corrupt or modify any data, programs, materials or information used by SBC or an Eligible Recipient or store any data, programs, materials or information on SBC's or an Eligible Recipient's computers without the consent of SBC; (c) discontinue SBC's effective use of the Software; or (d) bypass any internal or external software security measure to obtain access to any hardware or software of SBC or an Eligible Recipient without the consent or knowledge of SBC, including, but not limited to, other programs' data storage and computer libraries. Disabling Code includes, but is not limited to, programs that self-replicate without manual intervention, instructions programmed to activate at a predetermined time or upon a specified event, and/or programs purporting to do a meaningful function but designed for a different function.

(35) "DIRECT AMDOCS COMPETITORS" means the Entities identified in SCHEDULE N, as well as their Affiliates, successors and assigns, as such list of Entities may be modified by Amdocs (subject to SBC's consent, not to be unreasonably withheld) from time to time to add direct competitors of Amdocs in the areas of directory, customer care and billing, and customer relationship management systems, including the provision of services relating to such systems.

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(36) "DIRECT SBC COMPETITORS" means the Entities identified in SCHEDULE P, as well as their Affiliates, successors and assigns, as such list of Entities may be modified by SBC (subject to Amdocs' consent not to be unreasonably withheld) from time to time to add direct competitors of SBC in the directory publishing business in the United States.

(37) "DISASTER RECOVERY" means the specific plans and activities required to continue provisioning the Services in the event of an unforeseen interruption as set forth in SCHEDULE E. The Disaster Recovery plans and activities include support and coordination with the Business Continuity plans and activities.

(38) "[**]AGREEMENT" has the meaning ascribed to such term in SECTION 6.12.

(39) "[**] AGREEMENT [**]" means, with respect to each [**] and, with respect to each of the [**], for a [**] Agreement [**] during the Term [**].

(40) "[**] PARTNERSHIP" means [**] Partnership general partnership organized under the [**] Partnership Act, owned by [**].

(41) "EFFECTIVE DATE" has the meaning ascribed to such term in the preamble to this Agreement.

(42) "ELIGIBLE RECIPIENTS" means, collectively, the following:

(a) [**];

(b) [**] on the Effective Date;

(c) SBCDO;

(d) [**] that is otherwise an Eligible Recipient;

(e) [**] in connection with its activities [**]r); and

(f) [**] and (iii) that has agreed in writing to be bound by the terms and conditions of this Agreement.

(43) "ENHANCEMENT" means any modification or addition to the functionality of the Amdocs Software Package that is included in the Modernization Plan or has been referred to or gone through the Change Management process set forth in SECTION 9.5.

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(44) "ENTITY" means a corporation, partnership, joint venture, trust, limited liability company, association or other organization or entity.

(45) "ENVIRONMENTAL LAWS" means Laws related to (i) pollution or the protection of air, ground or surface water, soil, or other environment media, (ii) occupational health and safety, or (iii) Hazardous Materials.

(46) "ENVIRONMENTAL CLAIMS" means any claim, suit, action, proceeding, notice, inquiry, request for information, lien, or judgment arising out, as a result of, or in connection with any Environmental Law.

(47) "EQUIPMENT" means all computing, networking and communications equipment procured, provided, operated, supported, or used by Amdocs in connection with the Services, including (i) mainframe, midrange, server and distributed computing equipment and associated attachments, features, accessories, peripheral devices, and cabling, (ii) personal computers, laptop computers and workstations and associated attachments, features, accessories, peripheral devices, and cabling, and (iii) voice/video telecommunications and network equipment and associated attachments, features, accessories, peripheral devices, and cabling.

(48) "EQUIPMENT LEASES" means all leasing arrangements whereby SBC leases Equipment as of the Commencement Date which will be used by Amdocs to perform the Services after such Commencement Date. Equipment Leases consist of those leases identified on SCHEDULE F.2.

(49) "EVENT OF LOSS" has the meaning ascribed to such term in SECTION 16.2(a).

(50) "EXCLUDED SERVICES" has the meaning ascribed to such term in SECTION 4.1(e).

(51) "EXTRAORDINARY EVENT" has the meaning ascribed to such term in SECTION 11.5(a).

(52) "EXTRAORDINARY CHANGE" has the meaning ascribed to such term in SECTION 11.5(b).

(53) "FCPA" means the Foreign Corrupt Practices Act.

(54) "GOOD WORKING ORDER" means, with respect to Equipment or Software, that such Equipment or Software is performing the portion of the Services to which it is assigned.

(55) "GOVERNANCE TEAM" means SBC's and Amdocs' team of individuals identified in Schedule E as the "Governance Team".

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(56) "HAZARDOUS MATERIALS" means any and all materials that are regulated by the federal or any state or local government during use, transportation, handling, storage, treatment, and/or disposal/recycling. These materials include, but are not limited to, materials that are regulated as (i) "hazardous materials" under the Hazardous Materials Transportation Act and the Control of Radioactive Contamination of the Environment Law, (ii) "chemical hazards" under the Occupational Health and Safety Administration ("OSHA") Standards, (iii) "chemical substances or mixtures" under the Toxic Substances Control Act, (iv) "pesticides" under the Federal Insecticide, Fungicide and Rodenticide Act, and (v) "hazardous waste" as defined or listed under the Resource Conservation and Recovery Act ("RCRA").

(57) "INCLUDE" and its derivatives mean "including without limitation." This term is as defined, whether or not capitalized in this Agreement.

(58) "INCOME TAX" means any tax on or measured by the net income of a Party (including taxes on capital or net worth that are imposed as an alternative to a tax based on net or gross income), or taxes which are of the nature of excess profits tax, minimum tax on tax preferences, alternative minimum tax, accumulated earnings tax, personal holding company tax, capital gains tax or franchise tax for the privilege of doing business.

(59) "INITIAL TERM" has the meaning ascribed to such term in SECTION 3.1.

(60) [**] and its derivatives mean, with respect to [**] other than [**] (as such terms are defined [**] on the [**] Date.

(61) "IT" means information technology.

(62) "KEY AMDOCS PERSONNEL" means the Amdocs Personnel designated in SCHEDULE C as Key Amdocs Personnel, which list may change from time to time by mutual written agreement of the Parties; provided that the [**] Key Amdocs Personnel shall [**]under this Agreement.

(63) "KEY BUSINESS DELIVERABLE" has the meaning ascribed to such term in SCHEDULE G.

(64) "LAWS" means all national, federal, intergovernmental, state and local laws, statutes, regulations, rules, executive orders, supervisory requirements, directives, circulars, opinions, interpretive letters and other official releases of or by any government or quasi governmental authority, or any authority, department or agency thereof, or any self regulatory organization, including Privacy Laws.

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(65) [**] means a [**] standards.

(66) "LOSSES" means all liabilities, damages, fines, penalties and claims (including taxes), and all related costs and expenses (including reasonable legal fees and disbursements and costs of investigation, litigation, settlement, judgment, interest and penalties).

(67) [**] means the [**] Modernization milestones listed in Section 2.0 of Attachment A to SCHEDULE A, [**]"MAJOR RELEASE" means a new version of Software that includes changes to the architecture and/or adds new features and functionality in addition to the original functional characteristics of the preceding software release. These releases are usually identified by full integer changes in the numbering, such as from "7.0" to "8.0," but may be identified by the industry as a major release without the accompanying integer change.

(68) "MALICIOUS CODE" means (i) any code, program, or sub-program whose knowing or intended purpose is to damage or interfere with the operation of the computer system containing the code, program or sub-program, or to halt, disable or interfere with the operation of the Software, code, program, or sub-program, itself, or (ii) any device, method, or token that permits any person to circumvent the normal security of the Software or the system containing the code.

(69) "MANAGED THIRD PARTIES" means the SBC Third Party Contractors listed on SCHEDULE E.5.A and any substitute or replacement third party contractors reasonably designated by SBC, provided such third parties are included in the SBC Base Case and if not included added pursuant to the provisions of SECTION 9.5.

(70) "MATERIALS" means, collectively, Software, literary works, other works of authorship, specifications, design documents and analyses, processes, methodologies, programs, program listings, documentation, reports, drawings, databases and similar work product.

(71) [**]" means [**], including [**] if the [**] Contract Year; or (b) less than or equal to [**] Working Hours if the [**] Contract Year.

(72) "MINOR RELEASE" means a Scheduled release containing small functionality updates and/or accumulated resolutions to defects or non-conformances made available since the immediately preceding release (whether Major Release or Minor Release). Minor Releases shall include "Maintenance Releases" which are supplemental to and made available between Major Releases and other Minor Releases, issued and provided under specific vendor service level or maintenance

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obligations and contain only accumulated resolutions or mandated changes. These releases are usually identified by a change in the decimal numbering of a release, such as "7.12" to "7.13."

(73) "MODERNIZATION MILESTONE" shall have the meaning provided in SECTION 4.2(b).

(74) "[**] means, with respect to [**] on which [**].

(75) "MODERNIZATION PERIOD" means the period that commences on the Commencement Date and expires as set forth in the Modernization Plan, unless expressly extended or otherwise agreed to in writing by the Parties.

(76) "MODERNIZATION PLAN" means the plan set forth in SCHEDULE A and developed pursuant to SECTION 4.2 hereof, which identifies all material transition tasks, functions, responsibilities and Developed Materials to be undertaken by Amdocs in connection with the implementation of the Amdocs System, and the dates by which each will be completed by Amdocs.

(77) "MODERNIZATION SERVICES" means all services, functions, responsibilities, tasks and Developed Materials described in SECTION 4.2 to be performed or delivered by Amdocs during the Modernization Period in accordance with this Agreement, as such services, functions, responsibilities, tasks and Developed Materials may be supplemented, enhanced, modified or replaced in accordance with this Agreement.

(78) [**] means the [**] set forth in SCHEDULE J, Page 1.

(79) "NEW ADVANCES" has the meaning ascribed to such term in SECTION 11.6(c).

(80) "NEW SERVICES" means services provided by Amdocs to SBC that are different from or in addition to the Services.

(81) [**] means [**] pursuant to this Agreement.

(82) "[**] means the [**] of the Commencement Date

(83) [**] means the [**] in consideration for the [**]shall be [**] to the[**].

(84) "NONCOMPLIANCE" means noncompliance in any material respect with the Specifications.

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(85) "NOTICE OF COMPLETION" means Amdocs' written notice to SBC that a Deliverable has been completed and delivered to SBC (and that such Deliverable is ready for SBC's Testing).

(86) "ORDER" means a document substantially in the form of EXHIBIT 4.

(87) "OUT-OF-POCKET EXPENSES" means [**] out-of-pocket expenses [**] under this Agreement. Out-of-pocket expenses [**].

(88) "OUTSOURCING SERVICES" means all services, functions, responsibilities, tasks and Developed Materials described in SCHEDULE E to be performed or delivered by Amdocs during the term of this Agreement and in accordance with this Agreement, as such services, functions, responsibilities, tasks and Developed Materials may be supplemented, enhanced, modified or replaced in accordance with this Agreement.

(89) [**] means the expenses listed in SCHEDULE J for which [**], in accordance with [**] in connection with [**]"POLICY AND PROCEDURES MANUAL" has the meaning ascribed to such term in SECTION 9.1(a).

(90) [**] means [**] on the Effective Date:

(a) [**] after the Effective Date [**] thereof;

(b) [**] after the Effective Date, [**] under this Agreement;

(c) [**] after the Effective Date;

(d) [**] after the Effective Date; or

(e) as to which [**].

(91) "PRIME RATE" has the meaning set forth in SECTION 9.9(c).

(92) "PRIVACY LAWS" means Laws relating to data privacy, trans-border data flow or data protection.

(93) "PRODUCT CATALOGUE" means the list of Software and Equipment approved by SBC for deployment to end users. The Product Catalogue current as of the Effective Date shall be provided by SBC to Amdocs and may be updated from time to time by SBC.

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(94) "PROJECT" means a discrete unit of non-recurring work that is not an inherent, necessary or customary part of the day to day Services, is not required to be performed by Amdocs to meet the existing Service Levels (other than Service Levels related to Project performance), and is not a New Service.

(95) "PROPRIETARY INFORMATION" has the meaning ascribed to such term in SECTION 13.3(a).

(96) "REPORTS" has the meaning ascribed to such term in SECTION 9.2(a).

(97) "[**]" means [**] Amdocs SBC licensed Third Party Software, Third Party Contracts, Equipment Leases or [**] (including related warranties); (ii) to grant Amdocs the right to use and/or access the SBC licensed Third Party Software in connection with providing the Services; (iii) to grant SBC and the Eligible Recipients the right to use and/or access the Amdocs Owned Software, Third Party Software and Equipment acquired, operated, supported or used by Amdocs in connection with providing the Services; (iv) to assign or transfer to SBC any Developed Materials, (v) to assign or transfer to SBC or its designee Amdocs Owned Software, Third Party Software, Third Party Contracts, Equipment Leases or other rights following the expiration or termination of this Agreement to the extent provided in this Agreement; and (vi) [**] in connection with Amdocs' provision of the Services.

(98) "ROOT CAUSE ANALYSIS" means the formal process conducted by Amdocs with Eligible Recipient assistance, specified in the Policy and Procedures Manual, to be used by Amdocs to determine the primary or "root" cause of problems and to diagnose problems at the lowest reasonable level so that corrective action can be taken that will eliminate repeat failures. Amdocs shall implement a Root Cause Analysis as specified in SECTION 7.4 or as requested by SBC.

(99) [**] means [**] during calendar year 2002.

(100) "SBC CONTRACT OFFICE" means, collectively, the SBC Contract Executive and the SBC Contract Manager as defined in Section 4.0 of Part 5 of SCHEDULE E (Statement of Work - Governance).

(101) "SBC DATA" means any data or information of SBC or any Eligible Recipient (as well as any data or information originating from or owned by SBC customers or third parties to whom SBC provides products or services) that is provided to or obtained by Amdocs in the performance of its obligations under this Agreement, including data and information with respect to the businesses, customer, operations, facilities, products, rates, regulatory compliance, competitors,

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consumer markets, assets, expenditures, mergers, acquisitions, divestitures, billings, collections, revenues and finances of SBC or any Eligible Recipient. SBC Data also means any data or information created, generated, collected or processed by Amdocs in the performance of its obligations under this Agreement, including data processing input and output, service level measurements, asset information, third party service and product agreements, contract charges, and retained and Pass-Through Expenses.

(102) "SBC DATA CENTER" means an SBC Facility designated as a "data center" in SCHEDULE O.1.

(103) "SBC FACILITIES" means the facilities listed in SCHEDULE O.1 provided by SBC or the Eligible Recipient for the use of Amdocs to the extent necessary to provide the Services.

(104) "SBC IT MANAGED DATA CENTER" means an SBC Facility designated as an "SBC IT managed data center" in SCHEDULE O.1.

(105) "SBC OWNED SOFTWARE" means Software owned by SBC or an Eligible Recipient and used, operated, maintained or supported by or on behalf of Amdocs under or in connection with this Agreement.

(106) "SBC PERSONAL DATA" means that portion of SBC Data that is subject to any Privacy Laws.

(107) "SBC PERSONNEL" means the employees, agents, contractors or representatives of SBC who performed any of the Services to be provided by Amdocs during the twelve (12) months preceding the Commencement Date.

(108) "SBC PROVIDED EQUIPMENT" has the meaning ascribed to such term in SECTION 6.5(a).

(109) "SBC SITES" means the SBC Facilities and the offices or other facilities listed on SCHEDULE E.4 at or to which Amdocs will provide the Services.

(110) "SBC THIRD PARTY CONTRACTORS" has the meaning ascribed to such term in SECTION 4.5(a).

(111) "SBCDO" means SBC SMART Yellow Pages and SBC SNET Yellow Pages.

(112) "SBCDO [**]" means an SBC Data Center designated as an "SBCDO managed data center" in SCHEDULE O.1.

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(113) "SBCDO [**]" means an SBC [**] designated as an "SBCDO [**]" in SCHEDULE O.1.

(114) [**] means, with respect to [**] that (a) [**] comprise of (b) [**] provided [**] (each of (a) and (b) [**].[**]"SERVICE LEVEL [**]" has the meaning ascribed to such term in SECTION 7.3(b) and SCHEDULE G.

(115) "SERVICE LEVELS" means, individually and collectively, the performance standards for the Services set forth in SCHEDULE G, as such performance standards may be adjusted pursuant to this Agreement.

(116) "SERVICE TAXES" means all sales, use, excise, and other similar taxes that are assessed against either Party on the provision of the Services as a whole, or on any particular Service received by SBC or the Eligible Recipients from Amdocs, excluding Income Taxes.

(117) "SERVICES" means, collectively, the services, functions and responsibilities described herein as a responsibility of Amdocs and to be provided by Amdocs pursuant to this Agreement as they may be supplemented, enhanced, modified or replaced during the term of this Agreement in accordance with this Agreement; including, without limitation: (i) the Outsourcing Services; (ii) the Modernization Services; (iii) the Transition Services; (iv) the Termination Assistance Services; and (v) any services provided pursuant to SECTION 9.5(c); but excluding Excluded Services.

(118) "SOFTWARE" means computer programs, together with input and output formats, the applicable source or object codes, programming tools, data models, flow charts, outlines, narrative descriptions, operating instructions, software manufacturing instructions and scripts, test specifications and test scripts and supporting documentation, and shall include the tangible media upon which such programs and documentation are recorded, including all authorized reproductions, corrections, updates, new releases, and new versions of such Software and shall further include all enhancements, translations, modifications, updates, upgrades, new releases, substitutions, replacements, and other changes to such computer programs.

(119) [**] means (a) [**] plus (b) the [**] pursuant to [**].

(120) "SPECIALIZED SERVICES" has the meaning ascribed to such term in SECTION 9.8.

(121) "SPECIFICATIONS" means, with respect to Software, Equipment, Systems or other contract deliverables to be designed, developed, delivered, integrated, installed

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and/or tested by Amdocs, the technical, design and/or functional specifications (including the DFS with respect to the Amdocs Software Package) in SCHEDULES A, E or H, in third party vendor standard documentation, in a New Services or project description requested and/or approved by SBC or otherwise agreed upon in writing by the Parties.

(122) "STANDARD PRODUCTS" means, collectively, the Software and Equipment in the Product Catalogue.

(123) [**] means [**] set forth [**].

(124) "SUBCONTRACTORS" means subcontractors (of any tier) of Amdocs, including Shared Subcontractors (as defined in SECTION 9.11(b)). The initial list of Subcontractors approved by SBC is set forth on SCHEDULE D. SCHEDULE D may be amended during the term of this Agreement in accordance with SECTION 9.11. Subcontractors shall not include Third Party Contracts

(125) "SUBSTANCE RELEASE" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposal, or other movement into the air, ground, surface water, groundwater, soil, or other environmental media.

(126) "SYSTEM" means an interconnected grouping of Equipment, Software and associated attachments, features, accessories, peripherals and cabling, and all additions, modifications, substitutions, upgrades or enhancements to such System, to the extent a Party has financial or operational responsibility for such System or System components under SCHEDULE E. System shall include all Systems in use as of the Effective Date, all additions, modifications, substitutions, upgrades or enhancements to such Systems and all Systems installed or developed by or for Amdocs following the Effective Date in connection with the Services.

(127) "SYSTEM CHANGE" means any change to the Software, Equipment, System or operating environment including without limitation, New Services, Enhancements, Major Release, Minor Release, changes to programs, manual procedures, scripts, distribution parameters, or Schedules, as well as a change or delay in any implementation Schedule (e.g., the implementation Schedule set forth in the Modernization Plan or in any Change Request).

(128) "TERM" has the meaning ascribed to such term in SECTION 3.2 of this Agreement.

(129) "TERMINATION ASSISTANCE SERVICES" means the Services described in SECTION 4.4.

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(130) [**] means the [**] under this Agreement. [**] as of the effective date [**].

(131) "TESTING" with respect to the Amdocs System (and any associated Software, Equipment, or Systems) and Developed Materials, means the performance of the applicable tests and procedures set forth in this Agreement, the Modernization Plan or the applicable Order, as well as any other tests and procedures which SBC, in consultation with Amdocs, may deem necessary or desirable or which the Parties may agree upon in determining whether the Amdocs System is in Compliance.

(132) "THIRD PARTY CONTRACTS" means all agreements between third parties and SBC or Amdocs that have been or will be used to provide the Services to the extent a Party has financial or operational responsibility for such contracts under SCHEDULE E.1 or E.2. Third Party Contracts shall include all such agreements in effect as of the Effective Date identified in SCHEDULE F.3. Third Party Contracts also shall include those third party agreements entered into by Amdocs following the Effective Date.

(133) "THIRD PARTY SOFTWARE" means all Software products (and all modifications, replacements, upgrades, enhancements, documentation, materials and media related thereto) that are provided under license or lease to Amdocs or SBC to the extent a Party has financial or operational responsibility for such Software products under SCHEDULE E.1 or E.2. Third Party Software shall include all such programs in use as of the Effective Date as identified on SCHEDULES B and F.4. Third Party Software also shall include all such programs licensed and/or leased after the Effective Date.

(134) "TRANSITION MILESTONE" means each date identified on the Transition Plan as a milestone by which Amdocs shall have completed a certain task or set of tasks in the Transition Plan in a manner reasonably acceptable to SBC.

(135) "TRANSITION PERIOD" means the period that commences on the Effective Date and expires 12:00:01 a.m., Eastern Time, ninety (90) days following the Commencement Date, unless expressly extended in writing by SBC.

(136) "TRANSITION PLAN" means the plan set forth in SCHEDULE H and developed pursuant to SECTION 4.3 hereof, which identifies all material transition tasks and deliverables to be undertaken by Amdocs in connection with the transition of all Services to Amdocs, and the dates by which each will be completed by Amdocs.

(137) "TRANSITION SERVICES" means the services, functions and responsibilities described in SECTION 4.3 to be performed by Amdocs during the Transition Period.

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(138) "TRANSITIONED EMPLOYEES" means the employees of SBC who accept Amdocs' offer of employment and become employed by Amdocs pursuant to ARTICLE 8. Upon being employed by Amdocs, such Transitioned Employees shall be deemed to be Amdocs Personnel.

(139) "UPGRADE" and its derivatives means updates, renovations, modifications, additions and/or new versions or releases of Software or Equipment by Amdocs. Unless otherwise agreed, financial responsibility for the costs, fees and expenses associated with an Upgrade of Software or Equipment shall be allocated between the Parties in accordance with SECTION 6.4(a) and SECTION 6.5 and SCHEDULE J.

(140) "WARN ACT" means the Worker Adjustment and Retraining Notification Act.

(141) "WASTE" means SBC-owned Equipment for which Amdocs is operationally responsible, which contains Hazardous Materials the disposal of which is regulated by an Environmental Law.

(142) "WORKING HOURS" means hours spent working (e.g., not including normal break activities such as meals).

(143) "YEAR 2000 COMPLIANT" or "YEAR 2000 COMPLIANCE" means that Software Equipment and/or Systems (i) accurately process date information before, during and after January 1, 2000, including accurately accepting date input, providing date output and performing calculations on dates or portions of dates; (ii) function accurately and without interruption before, during and after January 1, 2000, without any change in operations associated with the advent of the new century; (iii) respond to two (2) digit year date input in a way that resolves the ambiguity as to year or century in a disclosed, defined and predetermined manner; (iv) store and provide output of date information in ways that are unambiguous as to year or century; and (v) properly exchange date and time data with software, equipment and systems with which such Software, Equipment and/or Systems with which it must interact and interoperate. Software, Equipment and/or Systems shall not be deemed non-compliant to the extent any performance failure is attributable to the failure of equipment, software or systems for which a Party is not operationally responsible, but with which the Software, Equipment and/or Systems must interact or interoperate, to be Year 2000 Compliant or to correctly exchange date data with the Software, Equipment and/or Systems.

2.2 OTHER TERMS.

The terms defined in this Article include the plural as well as the singular and the derivatives of such terms. Unless otherwise expressly stated, the words "herein,"

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"hereof," and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection or other subdivision. Article, Section, Subsection and Attachment references refer to articles, sections and subsections of, and attachments to, this Agreement. The words "include" and "including" shall not be construed as terms of limitation. The words "day," "month," and "year" mean, respectively, calendar day, calendar month and calendar year. As stated in SECTION 21.3, the word "notice" and "notification" and their derivatives means notice or notification in writing. Other terms used in this Agreement are defined in the context in which they are used and have the meanings there indicated.

2.3 ASSOCIATED CONTRACT DOCUMENTS.

This Agreement includes each of the following Schedules and their attached EXHIBIT, all of which are attached to this Agreement and incorporated into this Agreement by this reference:

SCHEDULES:

A	Statement of Work Modernization
	Attachment A - Timeline and Milestones
	Attachment B - Modernization Responsibility Matrix
	Attachment C - Applications Mapping
	Attachment D - Modernization Project Plan
B	Application Inventory and Groupings
C	Key Amdocs Personnel and Critical Support Personnel
D	Amdocs Subcontractors
E	Statement of Work
	Part 1 - Application Development and Maintenance Services
	Part 2 - Cross Functional - Equipment and Software Services
	Part 3 - Cross Functional - General Services
	Part 4 - End User Computing Services
	Part 5 - Governance
	Part 6 - Policies and Procedures Manual Content
	Part 7 - Committee Membership
	Part 8 - Mainframe and Server Services
	Attachment 1 - Network Demarcation Diagram
	Attachment 2 - Security Management Responsibility Demarcation
	Attachment 2a - Security Process Flow
	Attachment 3 - SBC Owned Data Center & Remote Facility Demarcation
	Attachment 4 - CMM Tier 2
E.1	Asset Allocation Matrix
E.2	[Reserved]

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O.3	SBC Provided Equipment
O.4	SBC Supplied Items, Equipment and Specifications
P	Direct SBC Competitors
Q	Satisfaction Survey
QA	Quality Assurance
R	Reports
S	SBC Standards
T	Supplier Diversity Participation Plan
U	Amdocs Proposal
V	[Reserved]
W	[Reserved]
X	License Agreement

EXHIBIT:

Exhibit 1:	Form of Invoice
Exhibit 2:	Form of Stock Purchase Agreement
Exhibit 3:	[Reserved]
Exhibit 4:	Form of Order
Exhibit 5:	Form of Nondisclosure Agreement With Certain Exiting Amdocs Personnel
Exhibit 6:	Forms of Nondisclosure Agreements for Consultants, Contractors and Subcontractors

3. TERM.

3.1 INITIAL TERM.

The initial term of this Agreement shall commence as of 12:00:01 a.m., Eastern Time on the Effective Date and continue until 11:59:59 p.m., Eastern Time, on February 28, 2010 (the "INITIAL TERM") unless this Agreement is terminated as provided herein or extended as provided in SECTION 3.2 or 4.4(A)(2), in which case this Agreement shall terminate effective at 11:59:59 p.m., Eastern Time, on the effective date of such termination or the date to which this Agreement is extended.

3.2 EXTENSION.

If SBC desires to renew this Agreement after the Initial Term, SBC shall provide written notice to Amdocs of its desire to do so at least [**] prior to the expiration of this Agreement (the Initial Term, together with any renewal term (the "TERM" or "TERM OF THIS AGREEMENT"). The Parties shall thereafter negotiate in good faith with respect to the terms and conditions upon which the Parties will renew this Agreement and thereafter execute such renewal. In the event the Parties [**] of this Agreement, SBC may, at its

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sole option, extend the term of this Agreement [**] in this Agreement. [**] of the Initial Term.

4. SERVICES.

4.1 OVERVIEW.

(a) SERVICES. Commencing on the Commencement Date, Amdocs shall provide the Services to SBC, the Eligible Recipients [**]. The Services shall consist of the following, as they may evolve during the term of this Agreement or be supplemented, enhanced, modified or replaced in accordance with this Agreement:

(i) The services, functions and responsibilities described in this Agreement including its Schedules;

(ii) [**] performed during the [**] Commencement Date [**] of this Agreement, [**]in this Agreement (provided that, in the [**]; and

(iii) [**] Amdocs is [**] pursuant to this Agreement [**].

(b) INCLUDED SERVICES. [**] in this Agreement [**] in accordance with this Agreement, they shall be deemed [**] in this Agreement. [**]

(c) REQUIRED RESOURCES. Except as otherwise expressly provided in this Agreement, Amdocs shall be responsible for providing the facilities, personnel, Equipment, Software, technical knowledge, expertise and other resources necessary to provide the Services.

(d) AMDOCS RESPONSIBILITY. [**] in this Agreement, Amdocs shall [**] in accordance with this Agreement [**].

(e) EXCLUDED SERVICES. Commencing on the Commencement Date, SBC shall perform the Excluded Services. The Excluded Services shall consist of the services as set forth in SCHEDULE I, as they may evolve during the term of this Agreement or be supplemented, enhanced, modified or replaced.

4.2 MODERNIZATION SERVICES

(a) MODERNIZATION SERVICES. During the Modernization Period, Amdocs shall perform the Modernization Services described in the Modernization Plan in accordance with the Modernization Milestones. Amdocs shall perform the Modernization Services in accordance with relevant provisions of the Schedules

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to this Agreement governing the performance of the Outsourcing Services (e.g., the application development and maintenance provisions of Part 1 of SCHEDULE E). [**] in the Modernization Plan [**] in the Amdocs Response, [**] of the Modernization Services to be performed, [**] the scope of Modernization Services shall be [**]. During the Modernization Period, [**] in the Modernization Plan. Unless otherwise agreed, [**] parties in connection with the Modernization, [**] in the Modernization Plan as [**] as further set forth in the Modernization Plan, including [**]); and (ii) be included [**]. At a minimum, the [**] the Modernization Services must [**] in the Modernization Plan.

(b) MODERNIZATION PLAN. The Modernization Plan identifies, among other things, (i) the Modernization Services activities to be performed by Amdocs and the significant components and subcomponents of each such activity; (ii) the Deliverables to be completed by Amdocs; (iii) the date(s) by which each such activity or Deliverable is to be completed (the "MODERNIZATION MILESTONES"); (iv) the contingency or risk mitigation strategies to be employed by Amdocs in the event of disruption or delay; (v) any Modernization Services responsibilities to be performed or Modernization Services resources to be provided by SBC; (vi) the Testing plan; and (vii) a more detailed work plan to be provided in accordance with the requirements in SCHEDULE A.

(c) PERFORMANCE. Amdocs shall perform the Modernization Services in a manner that will not (i) materially disrupt or adversely impact the business or operations of SBC or the Eligible Recipients, (ii) disrupt the sales and/or printing processes and cycles inherent in SBC's business, (iii) materially degrade any of the Services then being received by SBC and the Eligible Recipients, (iv) materially disrupt or interfere with SBC and the Eligible Recipients' ability to obtain the full benefit of the Services, except as may be otherwise specifically provided in the Modernization Plan or as otherwise agreed by the Parties, or (v) degrade the Service Levels. [**], Amdocs shall [**] in Amdocs' plans, [**] under this Agreement). Amdocs shall identify and resolve, with SBC's reasonable assistance, any problems that may impede or delay the timely completion of each task in the Modernization Plan that is Amdocs' responsibility and shall use all commercially reasonable efforts to assist SBC with the resolution of any problems that may impede or delay the timely completion of each task in the Modernization Plan that is SBC's responsibility. Amdocs shall promptly bring to the attention of the SBC Contract Office any actual or potential delays in the Modernization Plan or Modernization Services or any actual or potential defects in the Modernization Services or the Developed Materials, regardless of whether such delays or defects are caused by Amdocs, SBC and/or any third party. SBC shall promptly notify Amdocs in the event it determines that SBC will be delayed in, or incapable of, performing any of its obligations under the Modernization Plan.

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(d) REPORTS. Amdocs shall regularly report to SBC on its progress in performing its responsibilities and meeting the timetable set forth in the Modernization Plan. Amdocs also shall provide written reports to SBC at least monthly regarding such matters, and shall provide oral reports more frequently if reasonably requested by SBC. [**] any information [**] set forth in the Modernization Plan, [**] therewith.

(e) [**] the Modernization Plan [**] (as identified in the Modernization Plan) by the [**], [**], commencing on the [**] Date, [**]. The Parties agree that such [**] are [**] as of the date of this Agreement of the [**] in the event the respective [**] is not met and shall be [**] for [**] in meeting the [**]. In no event will Amdocs [**].[**]

(f) DEFINED MATERIAL BREACH. Subject to the provisions [**] (as identified in the Modernization Plan) within [**] after the [**] Date for the [**] within six (6) months after the [**] Date for the [**] shall be [**] this Agreement [**]. The Parties agree that [**] pursuant to [**] as of the date of this Agreement of the [**]. Following [**] during the period in which [**]. The statement in this SECTION 4.2(f) (or elsewhere in this Agreement) that [**] of this Agreement [**] by this Agreement.

4.3 TRANSITION SERVICES.

(a) TRANSITION. During the Transition Period, Amdocs shall perform the Transition Services and provide the deliverables described in the Transition Plan. [**] described in the Transition Plan [**] of the Transition Services [**] of the Transition Services in accordance with this Agreement, [**] of the Transition Services, [**] in the Transition Plan. During the Transition Period, SBC will perform those tasks which are designated to be SBC's responsibility in the Transition Plan. Unless otherwise agreed, SBC shall not incur any charges, fees or expenses payable to Amdocs or third parties in connection with the Transition Services, other than those charges, fees and expenses specified in SCHEDULE J and those incurred by SBC in connection with its performance of tasks designated in the Transition Plan as SBC's responsibility.

(b) TRANSITION PLAN. The Transition Plan identifies, among other things, (i) the transition activities to be performed by Amdocs and the significant components and subcomponents of each such activity, (ii) the deliverables to be completed by Amdocs, (iii) the date(s) by which each such activity or deliverable is to be completed (the "TRANSITION MILESTONES"), (iv) the contingency or risk mitigation strategies to be employed by Amdocs in the event of disruption or delay, and (v) any transition responsibilities to be performed or transition resources to be provided by SBC. Thereafter, [**] after the Effective Date, Amdocs shall prepare and deliver to SBC for SBC's review, comment and approval a detailed work plan

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based on and consistent with the Transition Plan. Such detailed work plan shall become a part of the Transition Plan and be incorporated therein.

(c) PERFORMANCE. Amdocs shall perform the Transition Services described in the Transition Plan in accordance with the Transition Milestones set forth therein. Amdocs shall provide all cooperation and assistance reasonably required or requested by SBC in connection with SBC's evaluation or testing of the deliverables set forth in the Transition Plan. Amdocs shall perform the Transition Services so as to avoid or minimize to the extent possible (i) any material disruption to or adverse impact on the business or operations of SBC or the Eligible Recipients, (ii) any degradation of the Services then being received by SBC or the Eligible Recipients, or (iii) any material disruption or interference with the ability of SBC or the Eligible Recipients to obtain the full benefit of the Services, except as may be otherwise provided in the Transition Plan. [**], Amdocs shall [**] in Amdocs' plans, [**] under this Agreement). Amdocs shall identify and resolve, with SBC's reasonable assistance, any problems that may impede or delay the timely completion of each task in the Transition Plan that is Amdocs' responsibility and shall use all commercially reasonable efforts to assist SBC with the resolution of any problems that may impede or delay the timely completion of each task in the Transition Plan that is SBC's responsibility.

(d) REPORTS. Amdocs shall [**] report on its progress in performing its responsibilities and meeting the timetable set forth in the Transition Plan. Amdocs also shall provide written reports to SBC [**] regarding such matters, and shall provide [**]. Promptly upon receiving any information indicating that Amdocs may not perform its responsibilities or meet the timetable set forth in the Transition Plan, Amdocs shall notify SBC in writing of material delays and shall identify for SBC's consideration and approval specific measures to address such delay and mitigate the risks associated therewith.

(e) ADJUSTMENT. During the Transition Period, [**]. If Amdocs [**] will be [**].

(f) TERMINATION FOR CAUSE. Notwithstanding the foregoing, SBC may terminate this Agreement for cause pursuant to the provisions set forth under SECTION 20.1(a) if Amdocs' failure to meet any Transition Milestone constitutes a material breach of this Agreement.

4.4 TERMINATION ASSISTANCE SERVICES.

(a) AVAILABILITY. As part of the Services, [**], Amdocs shall provide to SBC or SBC's designee the Termination Assistance Services described in SECTION 4.4(b).

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(1) PERIOD OF PROVISION. Amdocs shall provide such Termination Assistance Services to SBC or its designee (i) commencing upon notice up to [**] prior to the expiration of this Agreement or on such earlier date as SBC may request and continuing for up to [**] following the effective date of the expiration of this Agreement, (ii) commencing upon any notice of termination (including notice based upon breach or default by SBC, breach or default by Amdocs or termination for convenience by SBC) of this Agreement, and continuing for up to [**] following the effective date of such termination of all or part of the Services, or (iii) commencing upon notice of termination of all or part of the Services [**] and continuing for up to [**] following the effective date of such termination.

(2) EXTENSION OF SERVICES. [**] the period following the effective date of any [**] Termination Assistance Services, provided that [**] the effective date and the [**] Termination Assistance Services [**].[**]

(3) FIRM COMMITMENT. Amdocs shall provide Termination Assistance Services to SBC or its designee regardless of the reason for the expiration or termination of this Agreement; provided, if this Agreement is rightfully terminated by Amdocs under SECTION 20.1(b) for failure to pay amounts due under this Agreement, Amdocs may require SBC to pay in advance for Termination Assistance Services provided or performed under this SECTION 4.4. [**] Amdocs shall provide Termination Assistance Services [**]; provided that, [**], all such Termination Assistance Services shall be performed subject to and in accordance with the terms and conditions of this Agreement.

(4) PERFORMANCE. To the extent SBC requests Termination Assistance Services, such Services shall be provided subject to and in accordance with the terms and conditions of this Agreement. Amdocs shall perform the Termination Assistance Services with at least the same degree of accuracy, quality, completeness, timeliness, responsiveness and resource efficiency as it provided and was required to provide the same or similar Services during the term of this Agreement. [**] of this Agreement as to [**] and shall [**] until such time [**] pursuant to this SECTION 4.4, and further provided that [**] the Termination Assistance Services, [**].

(b) SCOPE OF SERVICE. As part of the Termination Assistance Services, Amdocs will timely transfer the control and responsibility for all information technology functions and Services previously performed by or for Amdocs to SBC and/or SBC's designees by the execution of any documents reasonably necessary to effect such transfers. Additionally, Amdocs shall provide any and all reasonable assistance requested by SBC:

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(i) to assist SBC in operating the Systems efficiently;

(ii) to minimize the interruption or adverse effect of the termination or expiration of this Agreement;

(iii) to transfer the Services to SBC and/or its designee(s) in an orderly fashion

In addition, in connection with such termination or expiration, Amdocs will provide the following assistance and Services at SBC's direction:

(1) GENERAL SUPPORT. Amdocs shall, at SBC's request (i) assist SBC in developing a written transition plan for the transition of the Services to SBC or SBC's designee, which plan shall include capacity planning, facilities planning, human resources planning, telecommunications planning and other planning necessary to effect the transition, (ii) perform programming and consulting services as requested to assist in implementing the transition plan, (iii) train personnel designated by SBC in the use of any Equipment, Software, Systems, Materials or tools used in connection with the provision of the Services, (iv) catalog all Software, SBC Data, Equipment, Materials and tools used to provide the Services, (v) provide machine readable and printed listings and associated documentation for source code for Software owned by SBC and source code to which SBC is entitled under this Agreement (to the extent such source code has been made available to Amdocs and is required or necessary for the performance of the Services) and assist in its re-configuration, (vi) analyze and report on the space required for the SBC Data and the Software needed to provide the Services, (vii) assist in the execution of a parallel operation, data migration and testing process, (viii) create and provide copies of the SBC Data in Amdocs' control or possession in the format and on the media reasonably requested by SBC provide a complete and up-to-date, electronic copy of the Policy and Procedures Manual in the format and on the media reasonably requested by SBC, and (ix) provide other technical assistance as requested by SBC. [**].

(2) [**] of this Agreement [**]): (i) subject to the following two sentences, any [**] (which shall include all [**] from any SBC Site or any location to which Amdocs relocates Services previously performed at an SBC Site) within the 12-month period prior to the expiration or termination date; and (ii) any [**]) shall [**] services (i.e., - [**]) for the [**]. SBC and Amdocs [**] shall be [**]. Amdocs shall [**] and shall[**], if any, [**]. SBC

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[**] shall have [**]. SBC shall [**] that is [**] under this Agreement. [**] after the Term, Amdocs [**] or [**] by Amdocs

(3) [**]SOFTWARE. Subject to and in accordance with the provisions of SECTION 14.6 and SECTION 6.4(c), Amdocs shall provide, and hereby grants to, SBC, the Eligible Recipients and/or SBC's designee certain license, sublicense and/or other rights to certain Software and other Materials used by Amdocs, Amdocs Affiliates or Subcontractors in performing the Services, including, where SBC had the right thereto, [**] to such Software or other Materials [**]. Such Software and other Materials shall be transferred in Good Working Order as of the expiration or termination date or the completion of any Services requiring such Software and other Materials requested by SBC under SECTION 4.4(b)(7), whichever is later.

(4) [**] the Services (which shall include [**]). Such [**], as of the [**] requiring such [**]. Amdocs shall [**] so as to be [**], or for [**] to be provided [**]. In the case of [**], Amdocs shall [**]. Such [**], the Parties shall [**]. In the case of [**], Amdocs shall [**] that the [**] thereunder have been made [**] at the time.

(5) [**]. Amdocs shall [**] on the Commencement Date, [**]. [**] shall be [**] of any [**].

(6) AMDOCS SUBCONTRACTS AND THIRD PARTY CONTRACTS. Amdocs shall inform SBC of Third Party Contracts used by Amdocs, Subcontractors or Amdocs Affiliates to perform the Services. Subject to SECTION 6.4(c), Amdocs shall, at SBC's request, cause any such Subcontractors or Amdocs Affiliates to permit SBC or its designees to assume prospectively any or all such contracts or to enter into new contracts with SBC or its designees [**]. Amdocs shall, to the maximum extent possible, so assign the designated subcontracts and Third Party Contracts to SBC or its designee as of the expiration or termination date or the completion of any Termination Assistance Services requiring such subcontracts or Third Party Contracts requested by SBC under SECTION 4.4(b)(7), whichever is later. [**]. Amdocs shall (i) represent and warrant that it is not in default under such subcontracts and Third Party Contracts, (ii) represent and warrant that all payments thereunder through the date of assignment are current, (iii) represent and warrant that no payments or charges shall be payable by SBC to Amdocs (or such third party contractor) for benefits or services received by Amdocs under such subcontracts and Third Party Contracts prior to the date of assignment, and (iv) notify SBC of any Subcontractor or third party contractors defaults with respect to such subcontracts and Third Party Contracts of which it is aware at the time.

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(7) EXTENSION OF SERVICES. During the period set forth in SECTION 4.4(a)(1) SECTION 4.4(A)(2), Amdocs shall provide to the Eligible Recipient(s), at SBC's request, any or all of the Services being performed by Amdocs prior to the expiration or termination date. [**], SBC will [**] would have been[**] for such Services [**] of the Services be provided [**] SBC will [**] of the Services [**].

(8) RATES AND CHARGES. [**] in accordance with this Agreement, SBC shall pay Amdocs [**]. To the extent [**] Amdocs Personnel (provided, however that Amdocs [**] there will be [**] be provided by Amdocs [**] to be performed by Amdocs, [**].

(9) REPRESENTATION AND WARRANTY. Amdocs represents and warrants that (a) the Software and Equipment to be offered to SBC under this SECTION 4.4(b) will be the same or substantially the same Software and Equipment that will have been used by Amdocs immediately prior to the expiration or termination date or the completion of any Services requiring such Software or Equipment requested by SBC under Section 4.4(b)(8), whichever is later, and that will be required and relevant in order for SBC or its designee to provide the Services as of such date, and (b) such Software and Equipment, shall be sufficient on the date all Services are completed under this Agreement for SBC or its designee to provide the Outsourcing Services to be provided on such date.

(c) SURVIVAL OF TERMS. This SECTION 4.4 shall survive termination/expiration of this Agreement.

4.5 USE OF THIRD PARTIES.

(a) [**]. Nothing in this Agreement [**], and notwithstanding anything to the contrary contained herein, this Agreement [**] described in this Agreement [**] in this Agreement [**] as set forth in this SECTION 20.6.

(b) AMDOCS COOPERATION. Amdocs shall fully cooperate with and work in good faith with SBC or SBC Third Party Contractors as described in SCHEDULE E or requested by SBC [**]. Such cooperation shall include: (i) timely providing access to any facilities being used to provide the Services, as necessary for SBC personnel or SBC Third Party Contractors to perform the work assigned to them; (ii) timely providing reasonable electronic and physical access to the business processes and associated Equipment, Software [**] and/or Systems to the extent necessary and appropriate for SBC personnel or SBC Third Party Contractors to perform the work assigned to them; (iii) timely providing written requirements,

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standards, policies or other documentation for the business processes and associated Equipment, Software or Systems procured, operated, supported or used by Amdocs in connection with the Services; (iv) [**]; or (v) any other cooperation or assistance reasonably necessary for SBC personnel or SBC Third Party Contractors to perform the work in question. SBC personnel and SBC Third Party Contractors shall comply with Amdocs' security and confidentiality requirements, and shall, to the extent performing work on Software, Equipment or Systems for which Amdocs has operational responsibility, comply with Amdocs' standards, methodologies, and procedures.

(c) NOTICE BY AMDOCS. Amdocs shall immediately notify SBC when it becomes aware that an act or omission of SBC or an SBC Third Party Contractor will cause, or has caused, a problem or delay in providing the Services, and shall use commercially reasonable efforts to work with SBC and the SBC Third Party Contractor to prevent or circumvent such problem or delay. Amdocs shall cooperate with SBC and SBC Third Party Contractors to resolve differences and conflicts arising between the Services and other activities undertaken by SBC or SBC Third Party Contractors. If, despite the foregoing efforts of Amdocs and SBC, Amdocs' performance of the Services is adversely impacted by the performance of work by SBC or any such SBC Third Party Contractor on any Software or Equipment, Amdocs' failure to perform its responsibilities under this Agreement (including its responsibility for associated Service Level [**]) [**] during such period [**] (i) Amdocs' providing SBC reasonable notice in writing of any such Amdocs non-performance or anticipated inability to perform, and (ii) Amdocs' continuing to use commercially reasonable efforts to perform the Services or perform a work around for such acts or omissions. [**] Amdocs [**] that Amdocs [**], SBC shall [**] Amdocs [**] by Amdocs [**], provided that, (i) Amdocs [**]; and (ii) Amdocs [**].

4.6 TESTING AND ACCEPTANCE TEST PROCEDURES.

(a) TESTING. At the end [**] and in accordance with the Modernization Plan and [**] in accordance with such Order, SBC, with Amdocs' cooperation and support shall conduct Testing of the Deliverables thereunder (and with respect to [**], the Amdocs System) to determine if such Amdocs System and Deliverables are in Compliance. If any Testing reveals any Noncompliance, Amdocs shall (i) remedy such Noncompliance as promptly as reasonably possible; (ii) resubmit the Amdocs System or Deliverable for review and Testing; and (iii) ensure, until Acceptance of such Modernization Milestone, that the existing SBC Systems to be replaced pursuant to the Modernization Milestone continue to provide the Services [**]. The Parties will work together to agreed upon a Schedule to remedy, within [**], the Noncompliance (or such other commercially reasonable

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time period agreed to by the Governance Team) after the earlier of: (i) notice of Noncompliance from SBC; or (ii) Amdocs' discovery of such Noncompliance. The cost of any cooperation, support or remedial action or additional Testing required under this SECTION 4.6(a) shall be [**] under this[**]Agreement, [**]. Any extension by SBC of the Acceptance Test Period (not caused or the result of Noncompliance caused by Amdocs) and the resulting impact of such extension of the Acceptance Testing Period (including on Amdocs' Schedule of delivery of future Modernization Milestones) shall be subject to the provisions of SECTION 9.5. Amdocs shall provide SBC with an estimate of such impact. Amdocs shall not be deemed to have failed to meet any Modernization Milestone to the extent such failure is caused by SBC's extension of an Acceptance Test Period excluding incidents caused by or the result of Noncompliance caused by Amdocs. [**], Amdocs shall [**] pursuant to [**].

(b) ACCEPTANCE PROCEDURES. During the testing period set forth in Schedule A (or the applicable order) SBC shall test deliverable(s) after receipt of the notice of completion for such deliverable(s) ("Acceptance Test Period"). If the deliverables successfully complete the acceptance tests during the acceptance test period, SBC shall indicate its written acceptance thereof and deliver such acceptance to Amdocs. In no event will [**]. Any disputes regarding compliance of deliverables shall be referred for resolution to the escalation process set forth in Part 5 of Schedule E, [**]. For the avoidance of doubt, [**]

4.7 ON-SITE SUPPORT.

Amdocs shall [**] in accordance with [**] to the Commencement Date.

5. [**].

5.1 AMDOCS RESPONSIBILITY.

[**], Amdocs shall assume primary responsibility for all administrative activities necessary to obtain [**]. SBC will cooperate with and assist Amdocs in obtaining the [**] by executing certain written communications and other documents prepared or provided by Amdocs and SBC. [**]l, Amdocs shall [**] Amdocs has [**].

5.2 FINANCIAL RESPONSIBILITY.

The responsibility for [**] and/or [**] shall be [**], and the parties [**].

5.3 CONTINGENT ARRANGEMENTS.

[**], Amdocs and SBC [**], then, [**], Amdocs shall [**] as are necessary [**] SBC and Amdocs[**] following the Commencement Date, then [**] SBC shall [**] and/or [**], and any [**] to SBC[**] to SBC [**] SBC to [**] Amdocs. [**]SBC [**] responsibility

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for such Services, [**]SBC may [**] Amdocs [**] SBC [**] SBC to [**]. [**] shall be as set forth [**] SBC [**] for all purposes. [**] for which [**] SBC. Except as otherwise expressly provided herein, [**] under this Agreement.

6. FACILITIES, SOFTWARE, EQUIPMENT, CONTRACTS AND ASSETS ASSOCIATED WITH THE PROVISION OF SERVICES.

6.1 SERVICE FACILITIES.

(a) SERVICE FACILITIES. The Services shall be provided at or from (i) the SBC Facilities described on SCHEDULE O.1, (ii) the service locations owned or leased by Amdocs and described on SCHEDULE O.2, each of which must be approved in advance by SBC, or (iii) any other service location approved by Amdocs and SBC.

(b) SBC FACILITIES. SBC shall provide Amdocs with the use of and access to the SBC Facilities (or equivalent space) described in SCHEDULE O.1 for the periods specified therein solely as necessary for Amdocs to perform its obligations under this Agreement, to perform other services for SBC and its Affiliates and Amdocs' general internal administrative activities (e.g., corporate human resources and legal services). Amdocs [**] after the Commencement Date. Amdocs shall [**]. SBC shall [**] in connection with [**]. Notwithstanding the foregoing, Amdocs shall [**] with Amdocs, and shall [**] provided for [**] under this Agreement shall [**]. In addition, [**] Amdocs shall [**]. Amdocs [**] on the Commencement Date, [**] will be provided to Amdocs [**], Amdocs [**] of this Agreement [**]; provided, however, that [**]. EXCEPT AS OTHERWISE SET FORTH HEREIN [**] BY AMDOCS, [**].

(c) NO LEASE. This Agreement is a services agreement and is not intended to and will not constitute a lease of any real property. Amdocs: (i) has been granted only a license to occupy the SBC Facilities; (ii) has not been granted any real property interest in the SBC Facilities; and (iii) [**].

(d) CHANGES TO LEASE TERMS. [**] Amdocs [**], SBC shall [**], subject to the [**] from, and the [**], Amdocs shall [**] to Amdocs hereunder [**].

(e) FURNITURE, FIXTURES AND EQUIPMENT. The office facilities provided by SBC for the use of Amdocs Personnel will be maintained in good working order and will be generally comparable to the office space occupied by (i) the Transitioned Employees prior to the Commencement Date or (ii) the then-standard office space occupied by similarly situated SBC employees. Amdocs shall be permitted to use the office furniture being used by the Transitioned Employees as of the Commencement Date to furnish such office space. [**] for providing all other

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office furniture and fixtures needed by Amdocs or Amdocs Personnel (including Transitioned Employees) to provide the Services, and for all upgrades, replacements and additions to such furniture or fixtures; provided that such furniture and fixtures must be [**] by SBC and meet SBC's then-current standards; and provided further that Amdocs shall use commercially reasonable efforts to purchase and use [**], if [**] to other furniture and fixtures reasonably and commercially [**]. Amdocs Personnel using the office facilities provided by SBC will be accorded reasonable access to the communications wiring in such facilities (including fiber, copper and wall jacks) and the use of certain shared office equipment and services, such as photocopiers, local and long distance telephone service for SBC-related (domestic U.S.A.) calls, telephone handsets, mail service, office support service (e.g., janitorial), heat, light, and air conditioning ("UTILITY RESOURCES"); [**]. SBC shall notify Amdocs if SBC believes [**]. The allocation between the Parties of responsibility for any [**].

(f) DATA CENTER [**]. SBC shall provide, and Amdocs shall obtain from SBC and use, the [**] provided by SBC at the [**] as set forth in SCHEDULE I. The SBC [**] shall include the SBC owned/managed [**], including [**]. In connection with providing the SBC [**], SBC shall provide, and Amdocs shall obtain from SBC and use, SBC's personnel to provide on site, [**]). Amdocs personnel will be responsible for [**]).

(g) AMDOCS' USE OF SBC IT [**]. Access to the Amdocs System located in the [**] environment for Amdocs Personnel will be limited by [**]. Amdocs Personnel will not be permitted to [**]. Amdocs will retain overall responsibility for the integrity of the Amdocs System residing in the SBC IT Managed Data Center environment. SBC will retain overall responsibility for the SBC IT Managed Data Center environment, the connection to that environment and the integrity of that environment. Amdocs' administrative and/or personnel's use and access to the environment will be [**]. While access will be [**], Amdocs will be provided access as required for Amdocs [**] and for Amdocs to be able to [**]. No Amdocs Personnel will be located [**] at the SBC IT [**]. SBC will [**] as needed for Amdocs' Personnel, vendors or other entities needing [**] to the Amdocs System in the [**]. Amdocs will provide and maintain [**] of Amdocs Personnel and/or vendors requiring [**].

(h) AMDOCS' USE OF SBCDO [**]. Access to the [**] located in the SBCDO [**] environments for Amdocs Personnel will be permitted but Amdocs will be required to adhere to SBC Rules governing [**]. Amdocs Personnel will not be permitted to [**]. Amdocs will retain overall responsibility for the [**] of the [**]. SBC will retain overall responsibility for the SBCDO [**]. Amdocs' administrative and/or Amdocs Personnel's use and access to the environments

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will be [**]. Amdocs will be provided [**] as required for Amdocs to ensure the [**]. Amdocs Personnel will be located [**] at the SBCDO [**]. SBC will [**] as needed for Amdocs' Personnel, vendors or other entities needing [**] the SBCDO [**] to provide other services to the [**]. Amdocs will provide and maintain an [**] to SBC of Amdocs Personnel and/or vendors requiring [**].

(i) AMDOCS' RESPONSIBILITIES REGARDING [**]. To the extent any Equipment provided or used by Amdocs or Amdocs Personnel (except for SBC Provided Equipment) is connected directly to the [**], such Equipment shall be (i) subject to [**] by SBC, (ii) in strict compliance with [**], and (iii) in strict compliance with [**]. Amdocs shall not [**].

(j) AMDOCS' RESPONSIBILITIES. Except as provided in SECTIONS 6.1(a), (b), (e), (f), (g) and (h) and SECTION 6.5, Amdocs shall be responsible for providing all furniture, fixtures, equipment, space and other facilities required to perform the Services and all upgrades, improvements, replacements and additions to such furniture, fixtures, equipment, space and facilities. Without limiting the foregoing, Amdocs shall (i) provide all maintenance, site management, site administration and similar services for the Amdocs owned or controlled facilities, and (ii) provide uninterrupted power supply services for the designated Software, Equipment, Systems at the Amdocs owned or controlled facilities.

(k) PHYSICAL SECURITY. SBC is responsible for the physical security of the SBC Facilities and Sites; provided, that Amdocs shall be responsible for the safety and physical access and control of the areas that Amdocs is using in performing the Services (excluding the SBC IT Managed Data Centers, the SBCDO Managed Data Centers) and Amdocs shall not permit any person to have access to, or control of, any such area unless such access or control is permitted in accordance with control procedures approved by SBC or any higher standard agreed to by SBC and Amdocs (all to the extent that SBC provides Amdocs the physical ability to limit access and control over such areas). Amdocs shall be solely responsible for compliance by Amdocs Personnel with such control procedures, including obtaining advance approval to the extent required.

(l) SECURITY. Except as provided in SECTION 6.1(j), Amdocs shall maintain and cause Amdocs Personnel to adhere to the operational, safety and security standards, requirements and procedures then in effect at the SBC Facilities described in SECTION 6.1(a), as such standards, requirements and procedures may be modified by SBC from time to time (to the extent Amdocs has received written notice of such standards, requirements and procedures or modifications thereof).

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(m) EMPLOYEE SERVICES. Subject to applicable security requirements, SBC will permit Amdocs Personnel to use certain employee facilities [**] at the SBC Facilities that are [**]. The employee facilities in question [**] of Amdocs Personnel's permitted use shall be specified in writing by SBC and shall be subject to modification [**]. Amdocs Personnel will not be permitted to use employee facilities designated by SBC [**]USE OF SBC FACILITIES. Unless Amdocs obtains SBC's prior written agreement, which may be withheld by SBC in its sole discretion, Amdocs shall use the SBC Facilities, and the Equipment and Software located therein, [**] to SBC, SBC Affiliates and the Eligible Recipients, [**]. SBC reserves the right, upon at least [**], to relocate an SBC Facility from which the Services are then being provided by Amdocs to another geographic location; provided that, in such event, [**]. In such event, SBC shall [**]; provided that Amdocs notifies SBC of such [**], obtains SBC's approval prior to [**]; and uses commercially reasonable efforts to [**]. SBC also reserves the right to direct Amdocs to [**] provided by Amdocs and to thereafter [**]. In such event, any [**] provided that Amdocs notifies SBC of such [**], obtains SBC's approval prior to [**].

(n) CONDITIONS FOR RETURN. Upon any vacation by Amdocs of SBC Facilities, Amdocs shall return such SBC Facilities (including any improvements to such facilities made by or at the request of Amdocs) to SBC in substantially the same condition as when such facilities were first provided to Amdocs, subject to reasonable wear and tear and any improvements to such facilities made by or at the request of Amdocs; provided, however, that Amdocs shall not be responsible for the acts of SBC or its personnel or subcontractors (other than Amdocs and its Subcontractors and Affiliates) causing damage to such facilities.

(o) NO VIOLATION OF LAWS. Amdocs shall (i) treat, use and maintain the SBC Facilities in a reasonable manner, and (ii) ensure that neither Amdocs nor any of its Subcontractors commits, and use all reasonable efforts to ensure that no third party commits, any act in violation of any Laws in such Amdocs occupied SBC Facility or any act in violation of SBC's insurance policies or in breach of SBC's obligations under the applicable real estate leases in such Amdocs occupied SBC Facilities (in each case, to the extent Amdocs has received notice of such insurance policies or real estate leases or should reasonably be expected to know of such obligations or limitations).

(p) ASSET INVENTORY REPORT AND MANAGEMENT SYSTEM. Amdocs shall complete development of the Asset Inventory Management System by the end of the [**] period after the Commencement Date. Amdocs shall provide SBC with [**] access to the Asset Inventory Management System. In the interim, Amdocs shall provide to SBC upon each anniversary of the Effective Date a full written

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inventory in electronic format of all Equipment and Software used by Amdocs to provide the Services or for which Amdocs has administrative or financial responsibility in connection with this Agreement.

6.2 USE OF AMDOCS FACILITIES.

During the term of this Agreement, Amdocs will provide to SBC [**] (i) reasonable use of Amdocs facilities at Amdocs sites where the Services are being performed and (ii) access to reasonable work/conference space at Amdocs sites where the Services are being performed, for the conduct of SBC's activities related to this Agreement.

6.3 SBC RULES/EMPLOYEE SAFETY.

(a) SBC RULES AND COMPLIANCE. In performing the Services and using the SBC Sites, Amdocs shall observe and comply with all SBC policies, rules and regulations applicable to SBC Sites or the provision of the Services, including those set forth on SCHEDULE E.3 and those applicable to specific SBC Sites, all as have been provided to Amdocs in writing (collectively, "SBC RULES"). The Parties acknowledge and agree that, as of the Commencement Date, SBC has fully informed Amdocs as to the SBC Rules, as provided through SCHEDULE E.3 and has provided Amdocs complete copies of the SBC Rules. Amdocs shall be responsible for the promulgation and distribution of SBC Rules to Amdocs Personnel as and to the extent necessary and appropriate. Additions or modifications to the SBC Rules may be communicated by SBC in writing to Amdocs or Amdocs Personnel or may be made available to Amdocs or Amdocs Personnel by posting at an SBC Site, electronic posting or other means generally used by SBC to disseminate such information to its employees or contractors. Amdocs and Amdocs Personnel shall observe and comply with such additional or modified SBC Rules. To the extent that any such additions or modifications materially increase Amdocs' aggregate costs in performing the Services or Amdocs' responsibilities hereunder, the Parties will address such impact through the provisions applicable to New Services under SECTION 9.5.

(b) HEALTH AND SAFETY COMPLIANCE. Amdocs and Amdocs Personnel shall familiarize themselves with the premises and operations at each SBC Site at or from which Services are rendered and the SBC Rules applicable to each such Site. Upon Amdocs' request, SBC shall provide Amdocs with the Material Safety Data Sheets (MSDSs) for any hazardous chemical, as that term is defined under the Occupational Health and Safety Act (OSHA), present at any SBC Site. Amdocs is hereby notified that SBC Sites constructed prior to 1981 contain asbestos containing materials (ACM) and/or presumed ACM (PACM) and may also contain both natural and artificial conditions and activities involving risk of harm.

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Should Amdocs' performance of Services require Amdocs Personnel to disturb or contact ACM/PACM for which SBC has no immediate plans to disturb or contact for other purposes, [**]:

(i) Contacting the appropriate SBC representative responsible for the SBC Site to determine the presence, location, and quantity of ACM/PACM that Amdocs Personnel may reasonably be expected to work in or adjacent to;

(ii) Informing Amdocs Personnel of the presence, location, and quantity of ACM/PACM present in the SBC Site that Amdocs Personnel may reasonably be expected to work in or adjacent to and the precautions to be taken to insure that airborne ACM/PACM is confined to the identified ACM/PACM area;

(iii) Informing the appropriate SBC representative responsible for the SBC Site and other employers or employees at the SBC Site of the presence, location, and quantity of any newly discovered ACM/PACM identified by Amdocs within twenty-four (24) hours of its discovery; and

(iv) Taking necessary safety precautions for Amdocs Personnel and assuring a safe place for performance of Services.

When performing Services at SBC Sites in California, Amdocs shall issue warnings in accordance with the California Safe Drinking Water and Toxic Enforcement Act of 1986 ("Proposition 65") to SBC personnel and the public at such SBC Sites for exposure to chemicals covered by Proposition 65 introduced by Amdocs or Amdocs Personnel to such SBC Sites. Such warnings may take the form of, but not be limited to, a MSDS for each such chemical.

VENDOR IS HEREBY WARNED IN ACCORDANCE WITH PROPOSITION 65 THAT EXPOSURE TO CHEMICALS MAY OCCUR AT SBC SITES. If requested, SBC shall make available to Amdocs and Amdocs Personnel a MSDS for chemicals covered by Proposition 65, if any, at SBC Sites in California, where Amdocs is providing Services. SBC shall also issue any additional Proposition 65 warnings required by Proposition 65 for exposure to chemicals introduced by SBC or SBC personnel to SBC Sites to Amdocs Personnel and the public when Amdocs Personnel are performing Services in SBC Sites in California. Amdocs shall issue appropriate warnings to inform and educate Amdocs Personnel entering SBC Sites of the above information in accordance with Environmental Laws. SBC and Amdocs shall cooperate on such warnings.

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6.4 SOFTWARE.

(a) FINANCIAL RESPONSIBILITY. Each Party shall be responsible for any third party fees or expenses on or after the Commencement Date associated with the provision of the Services described in this Agreement with respect to Software and related Third Party Contracts for which such Party is financially responsible under SCHEDULES E and E.1. Each Party also shall be responsible for any third party fees or expenses on or after the Commencement Date associated with new, substitute or replacement Software or related Third Party Contracts (including upgrades, enhancements, new versions or new releases of such Software) for which such Party is financially responsible under SCHEDULES E and E.1. With respect to Software licenses and related Third Party Contracts that are transferred to Amdocs by SBC or for which Amdocs otherwise assumes financial responsibility under this Agreement, including those listed on SCHEDULES F.2 and F.3, Amdocs shall (i) pay all amounts becoming due under such licenses or related Agreements, and all related expenses (including any maintenance and/or support charges) relating to periods on or after the Commencement Date; (ii) rebate to SBC any prepayment of such amounts in accordance with SECTION 11.8(a); (iii) [**] on or after the Commencement Date; and (iv) be responsible for curing any defaults in Amdocs' performance under such licenses or contracts on or after the Commencement Date.

(b) OPERATIONAL RESPONSIBILITY. With respect to Software and related Third Party Contracts for which Amdocs is operationally responsible under SCHEDULES E and E.1, subject to the provisions of SECTION 18.2(f) Amdocs shall be responsible for (i) the evaluation, procurement, testing, installation, rollout, use, support, management, administration, operation and maintenance of such Software and related Third Party Contracts; (ii) the evaluation, procurement, testing, installation, rollout, use, support, management, administration, operation and maintenance of new, substitute or replacement Software and related Third Party Contracts (including upgrades, enhancements, new versions or new releases of such Software); (iii) the performance, availability, reliability, compatibility and interoperability of such Software, in accordance with this Agreement, [**]; (iv) the compliance with and performance of all operational, administrative and contractual obligations specified in such licenses and contracts; (v) the administration and exercise as appropriate of all rights available under such licenses and agreements; and (vi) [**] under such Software Licenses [**] under this SECTION 6.4(b) (except to the extent that such failure [**].

(c) RIGHTS UPON EXPIRATION/TERMINATION. With respect to all Amdocs licensed Third Party Software and related Third Party Contracts (including maintenance and support agreements for Software), Amdocs shall use all commercially

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reasonable efforts to (i) obtain for SBC, the Eligible Recipients and SBC's designees (solely for such SBC designees' use for SBC and the Eligible Recipients and subject to reasonable confidentiality terms) the license, sublicense, assignment and other rights specified in SECTION 4.4(b)(3) on a perpetual basis, (ii) ensure that [**], [**], (iii) ensure that [**] to Amdocs, and at least sufficient for the [**] the Services, as well as the [**], and (iv) ensure that [**] of this Agreement [**] by Amdocs [**] or [**]. If Amdocs is [**] Amdocs to [**]. SBC shall [**] available for an [**] for the product to be obtained [**].

(d) EVALUATION OF THIRD PARTY SOFTWARE. In addition to its obligations under SECTION 6.4(a) and (b) and in order to facilitate SBC's control of architecture, standards and plans pursuant to SECTION 9.4, Amdocs shall use all commercially reasonable efforts to evaluate a reasonable number on annual basis of Third Party Software selected by or for SBC to determine whether such Software will adversely affect SBC's operational environment and/or Amdocs' ability to provide the Services. Amdocs shall complete and report the results of such evaluation to SBC promptly, taking into consideration any applicable pressing business need or emergency situation.

(e) [**]. With respect to all products and services procured by Amdocs [**] during the course of performing the Services, Amdocs shall use all commercially available efforts to [**] such products and services (including [**]) except to the extent otherwise agreed by SBC. If Amdocs is [**], it shall [**].

6.5 EQUIPMENT.

(a) SBC PROVIDED EQUIPMENT. SBC shall provide Amdocs (at no additional charge to Amdocs) with the use of the SBC owned and leased Equipment identified on SCHEDULE O.3 (collectively, the "SBC PROVIDED EQUIPMENT") for the periods specified in such Schedule solely for and in connection with the provision of the Services. Notwithstanding the foregoing, except as provided in this Section and SECTIONS 6.5(A) and SECTION 6.1(a), (b) and (e), Amdocs shall (i) be responsible for providing all Equipment required to perform the Services and all upgrades, improvements, replacements and additions thereto; and (ii) [**]. Upon the expiration of the period specified in SCHEDULE O.3 for each item of SBC Provided Equipment (or when such SBC Provided Equipment is no longer required by Amdocs for the performance of the Services), Amdocs shall promptly return such SBC Provided Equipment to SBC in substantially the same condition (as it may have been modified or improved by Amdocs with SBC's approval) as when such SBC Provided Equipment was first provided to Amdocs, subject to reasonable wear and tear. THE SBC PROVIDED EQUIPMENT IS PROVIDED BY SBC TO AMDOCS IN GOOD WORKING ORDER, [**]. EXCEPT AS

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OTHERWISE SET FORTH HEREIN, SBC EXPRESSLY DISCLAIMS ANY WARRANTIES, EXPRESSED OR IMPLIED, AS TO THE SBC PROVIDED EQUIPMENT, OR ITS CONDITION [**].

(b) FINANCIAL RESPONSIBILITY. Each Party shall be responsible for third party fees or expenses (including maintenance and/or support charges, if any) on or after the Commencement Date associated with Equipment, Equipment Leases and related Third Party Contracts for which such Party is financially responsible under SCHEDULES E and E.1. Each Party also shall be responsible for any third party fees or expenses relating to periods on or after the Commencement Date associated with new, substitute or replacement Equipment, Equipment leases or related Third Party Contracts (including upgrades, enhancements or new releases of such Equipment) for which such Party is financially responsible under SCHEDULES E and E.1. With respect to Equipment, Equipment Leases and related Third Party Contracts that are transferred to Amdocs by SBC or for which Amdocs otherwise assumes responsibility under this Agreement, including the Equipment Leases and Third Party Contracts listed on SCHEDULES F.1 and F.2, Amdocs shall (i) pay all amounts becoming due with respect to such Equipment, leases or agreements, and all related expenses (including pro rata maintenance and/or support fees, if any), for periods on or after the Commencement Date; (ii) rebate to SBC any prepayment of such amounts in accordance with SECTION 11.8(a); (iii) [**] after the Commencement Date; and (iv) be responsible for curing any defaults in Amdocs' performance with respect to such Equipment, leases or agreements on or after the Commencement Date.

(c) OPERATIONAL RESPONSIBILITY. With respect to Equipment, Equipment Leases and related Third Party Contracts for which Amdocs is operationally responsible under SCHEDULES E and E.2, subject to the provisions of SECTION 18.2(f) Amdocs shall be responsible for (i) the evaluation, procurement, testing, installation, rollout, use, support, management, administration, operation and maintenance of such Equipment, Equipment Leases and related Third Party Contracts; (ii) the evaluation, procurement, testing, installation, rollout, use, support, management, administration, operation and maintenance of new, substitute or replacement Equipment, Equipment Leases and related Third Party Contracts; (iii) the performance, availability, reliability, compatibility and interoperability of the Equipment and related Third Party Contracts, each in accordance with this Agreement, [**]; (iv) the compliance with and performance of all operational, administrative and contractual obligations with respect to such Equipment, leases and contracts, including nondisclosure obligations (to the extent under Amdocs' supervision or control); (v) the administration and exercise as appropriate of all rights available with respect to such Equipment or agreements; and (vi) the [**] obligations under this SECTION 6.5(c) [**]

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(d) RIGHTS UPON EXPIRATION/TERMINATION. With respect to all [**] to be used to provide the Services, Amdocs shall use all commercially reasonable efforts to (i) [**] in SECTION 4.4(b)(4), (ii) ensure that the [**], (iii) ensure that the [**], and (iv) ensure that [**] of this Agreement [**]. Except as specifically set forth in this Agreement, Amdocs shall [**]. If Amdocs is [**] Amdocs to [**]). SBC shall [**] for the product to be obtained [**]

(e) EVALUATION OF THIRD PARTY EQUIPMENT. In addition to its obligations under SECTION 6.5(b) and (c) and in order to facilitate SBC's control of architecture, standards and plans pursuant to SECTION 9.4, Amdocs shall use all commercially reasonable efforts to evaluate a reasonable number on annual basis of Equipment selected by or for SBC to determine whether such Equipment will adversely affect SBC's operational environment and/or Amdocs' ability to provide the Services. Amdocs shall complete and report the results of such evaluation to SBC promptly, taking into consideration any applicable pressing business need or emergency situation.

(f) [**]. With respect to all products and services procured by Amdocs [**] during the course of performing the Services, Amdocs shall use all commercially reasonable efforts to [**] such products and services [**] except to the extent otherwise agreed by SBC. If Amdocs is [**], it shall [**].

6.6 THIRD PARTY CONTRACTS.

(a) FINANCIAL RESPONSIBILITY. In addition to the Third Party Contracts identified in SECTIONS 6.3(a) and 6.5 and SCHEDULE E, Amdocs shall be responsible for any third party fees or expenses on or after the Commencement Date associated with Third Party Contracts (excluding Third Party Contracts administered by Amdocs on a pass through basis, which are addressed in SECTION 11.2) used by Amdocs to provide the Services. Each Party also shall be responsible for any third party fees or expenses (including maintenance and/or support charges) on or after the Commencement Date associated with new, substitute or replacement Third Party Contracts for which such Party is financially responsible under SCHEDULES E and E.1. With respect to Third Party Contracts that are transferred to Amdocs by SBC or for which Amdocs otherwise assumes financial responsibility under this Agreement, including those listed on SCHEDULE F.3, Amdocs shall (i) pay all amounts becoming due under such licenses or related Agreements, and all related expenses, for periods on or after the Commencement Date; (ii) rebate to SBC any prepayment of such amounts in accordance with SECTION 11.8(a); (iii) [**] after the Commencement Date; and (iv) be responsible for curing any defaults in Amdocs' performance under such contracts on or after the Commencement Date.

(b) OPERATIONAL RESPONSIBILITY. With respect to the Third Party Contracts identified in SECTION 6.6(a) (excluding Third Party Contracts administered by Amdocs on a

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pass-through basis, which are addressed in SECTION 11.2), and the services and products provided thereunder, subject to the provisions of SECTION 18.2(f), Amdocs shall, unless the Parties have otherwise agreed in SCHEDULE E, be responsible for (i) the evaluation, procurement, use, support, management, administration, operation and maintenance of such Third Party Contracts and any new, substitute or replacement Third Party Contracts; (ii) the performance, availability, reliability, compatibility and interoperability of such Third Party Contracts and the services and products provided thereunder; (iii) the compliance with and performance of any operational, administrative or contractual obligations imposed on SBC or Amdocs under such Third Party Contracts, including nondisclosure obligations (to the extent under Amdocs' supervision or control); (iv) the administration and exercise as appropriate of all rights available under such Third Party Contracts; and (v) [**]obligations under this SECTION 6.6(a).

(c) RIGHTS UPON EXPIRATION/TERMINATION. With respect to [**] to be used to provide the Services, Amdocs shall use all commercially reasonable efforts to (i) [**] the rights specified in SECTION 4.4(b)(6), (ii) ensure that the granting of such rights is [**], (iii) ensure that the [**] to Amdocs and [**], and (iv) ensure that [**] by Amdocs prior to the date [**]. If Amdocs is [**]Amdocs to provide [**]. SBC shall [**] for the product to be obtained [**]

(d) TELECOMMUNICATION/IP SERVICES. To the extent Amdocs uses telecommunication services or IP-based services (e.g., IP bandwidth) in connection with the provision of the Services or the performance of the other obligations under this Agreement [**].

(e) [**] With respect to all [**] services procured by Amdocs [**] during the course of performing the Services, Amdocs shall use all commercially reasonable efforts to [**] except to the extent otherwise agreed by SBC. If Amdocs is [**].

6.7 ASSIGNMENT OF LICENSES, LEASES AND RELATED AGREEMENTS.

(a) ASSIGNMENT AND ASSUMPTION. On and as of the Commencement Date, SBC shall assign to Amdocs, and Amdocs shall assume and agree to perform all obligations related to, the Software licenses, Equipment Leases and Third Party Contracts for which Amdocs is financially responsible under SECTIONS 6.3(a), 6.5 and 6.6 and SCHEDULES E and E.1, including those listed on SCHEDULES F.2, F.3 and F.4. SBC and Amdocs shall execute and deliver a mutually satisfactory assignment and assumption agreement with respect to such leases, licenses and agreements, evidencing the assignment and assumption provided for herein. SBC represents and warrants that (i) it is not in default under such licenses, leases and Third Party Contracts, (ii) all payments thereunder through the date of assignment are current, (iii) no payments or charges (including deferred payments) shall be payable by Amdocs to SBC (or such third party contractor) for benefits or services received by SBC under such licenses, leases and Third Party Contracts prior to the date of

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assignment, and (iv) it is not aware of any defaults with respect to such license, leases and Third Party Contracts.

(b) ITEMS NOT ASSIGNABLE BY COMMENCEMENT DATE. With respect to any such Software licenses, Equipment Leases or Third Party Contracts that can not, as of the Commencement Date, be assigned to Amdocs without breaching their terms or otherwise adversely affecting the rights or obligations of SBC or Amdocs thereunder, the performance obligations shall be deemed to be subcontracted or delegated to Amdocs until any requisite consent, notice or other prerequisite to assignment can be obtained, given or satisfied by Amdocs. It is understood that, from and after the Commencement Date, Amdocs, as a subcontractor or delegatee, shall be financially and operationally responsible for such Software license, Equipment Lease or Third Party Contract as SBC's agent pursuant to SECTION 9.10(b). Amdocs shall use reasonable commercial efforts to satisfy the consent, notice or other prerequisites to assignment and, upon Amdocs doing so, the Software license, Equipment Lease or Third Party Contract shall immediately be assigned and transferred to and assumed by Amdocs.

(c) NON-ASSIGNABLE ITEMS. If, after Amdocs using all commercially reasonable efforts for a reasonable period of time, a license, lease or agreement still cannot be assigned without breaching its terms or otherwise adversely affecting the rights or obligations of SBC or Amdocs thereunder, the Parties shall take such actions and execute and deliver such documents as may be necessary to cause the Parties to realize the practical effects of the allocation of responsibilities intended to be effected by this Agreement.

(d) MODIFICATION AND SUBSTITUTION. Except as otherwise provided in this Agreement, Amdocs may terminate, shorten or extend the Software licenses, Equipment Leases and Third Party Contracts for which Amdocs is financially responsible under SCHEDULES E, E.1 and E.2 of this Agreement and may substitute or change suppliers relating to goods or services covered thereby; provided that, except as otherwise [**] under such Software licenses, Equipment Leases or Third Party Contracts, (ii) shall [**]; and (iii) shall [**] the Services. Notwithstanding anything to the contrary herein, Amdocs shall [**], provided that [**].

6.8 LICENSE TO SBC OWNED SOFTWARE AND THIRD PARTY SOFTWARE.

(a) LICENSE TO SBC OWNED SOFTWARE. As of the Commencement Date, SBC hereby grants Amdocs and, to the extent necessary for Amdocs to provide the Services, to Amdocs Affiliates or Subcontractors designated by Amdocs that sign a written agreement with Amdocs to be bound by all of the terms contained herein

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applicable to such Software (such agreement shall include the terms specified in this Section as well as those pertaining to the ownership of such Software and any derivative materials developed by the Parties, the scope and term of the license, the restrictions on the use of such Software, the obligations of confidentiality, etc.) a non-exclusive, non-transferable, royalty-free right and license during the term of this Agreement to access, use, operate, copy and store the SBC Owned Software for the express and sole purpose of providing the Services. Amdocs shall have no right to the source code to such SBC Owned Software unless and to the extent approved in advance by SBC. SBC Owned Software shall remain the sole and exclusive property of SBC. Amdocs and its Subcontractors shall not (i) use any SBC Owned Software for the benefit of any person or Entity other than SBC or the Eligible Recipients, (ii) separate or uncouple any portions of the SBC Owned Software, in whole or in part, from any other portions thereof, or (iii) reverse assemble, reverse engineer, translate, disassemble, decompile or otherwise attempt to create or discover any source or human readable code, underlying algorithms, ideas, file formats or programming interfaces of the SBC Owned Software by any means whatsoever, without the prior approval of SBC, which may be withheld at SBC's sole discretion. Except as otherwise requested or approved by SBC, Amdocs and its Subcontractors shall cease all use of SBC Owned Software upon the expiration or termination of this Agreement and the completion of any Termination Assistance Services requested by SBC pursuant to SECTION 4.4(b)(7) and shall certify such cessation to SBC in a notice signed by an officer of Amdocs and each applicable Subcontractor. THE SBC OWNED SOFTWARE IS PROVIDED BY SBC TO AMDOCS IN GOOD WORKING ORDER, [**] FOR USE BY AMDOCS TO PROVIDE THE SERVICES.

(b) LICENSE TO THIRD PARTY SOFTWARE. Subject to [**], SBC hereby grants to Amdocs, for the sole purpose of performing the Services and solely to the extent of SBC's underlying rights, the same rights of access and use as SBC possesses under the applicable software licenses with respect to SBC licensed Third Party Software. SBC also shall grant such rights to Affiliates and Subcontractors designated by Amdocs if and to the extent necessary for Amdocs to provide the Services; provided that, [**]. Amdocs and its Subcontractors shall comply with the duties, including use restrictions and those of nondisclosure, imposed on SBC by such licenses. In addition, [**] all of the terms contained herein [**] shall include the terms specified in this Section as well as those pertaining to the ownership of such Software [**]. Except as otherwise requested or approved by SBC (or the relevant licensor), Amdocs and its Subcontractors shall cease all use of such Third Party Software upon the expiration or termination of this Agreement and the completion of any Termination Assistance Services requested by SBC pursuant to SECTION 4.4(b)(7). THE SBC LICENSED THIRD PARTY

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SOFTWARE IS PROVIDED BY SBC TO AMDOCS IN GOOD WORKING ORDER, ON A [**]. EXCEPT AS OTHERWISE SET FORTH HEREIN, SBC EXPRESSLY DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, AS TO SUCH SBC LICENSED THIRD PARTY SOFTWARE, OR THE CONDITION OR SUITABILITY OF SUCH SOFTWARE [**].

6.9 LICENSE TO AMDOCS OWNED MATERIALS AND THIRD PARTY SOFTWARE.

As of the Commencement Date, Amdocs hereby grants to SBC and the Eligible Recipients, at no additional charge, a perpetual, non-exclusive, royalty-free right and license to access and/or use the Amdocs Owned Materials and, [**], the Third Party Software as to which Amdocs holds the license or for which Amdocs is financially responsible under this Agreement (including related documentation, methodology and tools) to the extent necessary to receive the full benefit of the Services during the term of this Agreement and any Termination Assistance Services period. In addition, [**], Amdocs hereby [**], a non-exclusive, royalty-free right and license to access and/or use such Materials (including related documentation, methodology and tools) during the term of this Agreement and any Termination Assistance Services period, exclusively for the benefit of SBC and the Eligible Recipients, as and to the extent necessary for such [**] to monitor, access, interface with or use the Materials and Software then being used by Amdocs. Amdocs Owned Materials shall remain the sole and exclusive property of Amdocs. Notwithstanding the foregoing, SBC shall [**]; provided, however, that Amdocs' [**] and provided further that Amdocs may, in its sole discretion, [**]; provided, further, that Amdocs shall [**] and shall otherwise [**].

6.10 STOCK PURCHASE AGREEMENT.

Concurrently with this Agreement SBC and Amdocs are executing the Stock Purchase Agreement pursuant to which SBC shall transfer all equity interest [**] effective as of the last day of the Transition Period. In consideration for such conveyance, Amdocs agrees to pay SBC [**] according to the Schedule for payment set forth in the Stock Purchase Agreement. SBC shall [**] for the period prior to the Commencement Date. Except as otherwise expressly provided in this SECTION 6.10, [**] SHALL ON THE COMMENCEMENT DATE [**], INCLUDING WITHOUT LIMITATION WARRANTIES [**]. SBC represents and warrants that the [**]and are the same or substantially the same Software and Equipment used by SBC immediately prior to the Effective Date, and that they, collectively with the other Software and Equipment to be provided by SBC to Amdocs, shall be sufficient on the Commencement Date for Amdocs to provide the Outsourcing Services to be provided on the Commencement Date.

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6.11 NOTICE OF DEFAULTS.

SBC and Amdocs shall promptly inform the other Party in writing of any material breach of, or misuse or fraud in connection with, any Third Party Contract, Equipment Lease or Third Party Software license used in connection with the Services of which it becomes aware and shall cooperate with the other Party to prevent or stay any such breach, misuse or fraud.

6.12 [**] If at any time after the Commencement Date, [**] should have been [**], then SBC shall have [**] for all purposes of this Agreement effective from and after the Commencement Date, provided that Amdocs shall [**] under this Section [**], for each Contract Year, [**] for such Contract Year. [**] for a Contract Year [**] for such Contract Year, Amdocs shall [**] for periods beginning on the Commencement Date).

7. SERVICE LEVELS.

7.1 GENERAL.

Amdocs shall perform the Services at (i) the levels of accuracy, quality, completeness, timeliness, responsiveness and productivity that meet high standards of the directory publishing software and software service industries or (ii) if higher, the documented or otherwise verifiable levels of accuracy, quality, completeness, timeliness, responsiveness and productivity received by SBC or the Eligible Recipients prior to the Commencement Date.

7.2 TRANSITION PERIOD REVIEW.

(a) DELIVERY OF SERVICE LEVEL DOCUMENTATION. During the Transition Period, SBC will provide Amdocs with [**]("SERVICE LEVEL DOCUMENTATION"), [**]; provided, however, that [**].

(b) [**] SERVICE LEVELS BASED ON SERVICE LEVEL DOCUMENTATION. If the Service Level Documentation does [**] Schedule G shall be amended accordingly.

(c) [**] SERVICE LEVELS BASED ON [**]. If SBC does [**] during such period and SCHEDULE G shall be amended accordingly.

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(d) RESOLUTION OF DISPUTES REGARDING [**] SERVICE LEVELS. Any disputes regarding [**] service levels as set forth in Section 7.2(b) or Section 7.2(c) shall be resolved pursuant to the escalation process set forth in Part 5 of Schedule E, [**]

(e) EFFECT OF [**] SERVICE LEVELS. Any amendment(s) made pursuant to Section 7.2(b) or Section 7.2(c) shall be effective [**] with respect to the [**] and shall apply [**] with respect to [**], Amdocs shall [**] provided, however, that [**] and pursuant to [**], the service level requirement [**] shall be [**]. for example, [**]

7.3 COMPLIANCE WITH SERVICE LEVELS.

(a) ULTIMATE AMDOCS RESPONSIBILITY. Amdocs shall be responsible for meeting or exceeding the applicable Service Levels even where doing so is dependent on the provision of Services by its Subcontractors or, except as otherwise provided in SCHEDULE E.5.a, Managed Third Parties.

(b) SERVICE LEVEL [**]. Amdocs recognizes that SBC is paying Amdocs [**], then Amdocs [**]specified in SCHEDULE G ("SERVICE LEVELS" and "[**]") in [**].

7.4 PROBLEM ANALYSIS.

If Vendor fails to provide Services in accordance with the Service Levels and this Agreement, Vendor shall (after restoring service or otherwise resolving any immediate problem) (i) promptly investigate and report on the causes of the problem; (ii) provide a Root Cause Analysis of such failure as soon as practicable, after such failure or SBC's request (iii) use all commercially reasonable efforts to implement remedial action and begin meeting the Service Levels as soon as practicable; (iv) advise SBC of the status of remedial efforts being undertaken with respect to such problem; and (v) demonstrate to SBC's reasonable satisfaction that the causes of such problem have been or will be corrected on a permanent basis. Vendor shall [**]; provided that, [**], Vendor shall [**] and shall notify SBC [**]. At any event, [**]. Amdocs shall [**].

7.5 MEASUREMENT AND MONITORING.

Amdocs shall implement measurement and monitoring tools and metrics as well as standard reporting procedures, all as set forth in SCHEDULE G or otherwise acceptable to SBC, to measure and report Amdocs' performance of the Services against the applicable Service Levels. SBC [**] shall have [**]. Amdocs shall [**]s. Amdocs also shall [**] by Amdocs [**]. SBC shall [**] with their use.

7.6 [**].

(a) [**]. Within sixty (60) days after the Commencement Date, Amdocs shall [**] to be provided under this Agreement in accordance with [**] and shall [**]. [**]

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shall thereafter [**] hereunder. Thereafter, Amdocs shall [**] and procedures specified in [**]. Amdocs shall be [**] pursuant to this SECTION 7.6(a).

(b) [**]. [**] SECTION 7.6(a), SBC may [**] by SBC. [**], Amdocs shall [**].

(c) [**]. [**] pursuant to SECTION 7.6(a) or (a) [**], Amdocs shall [**]. SBC and Amdocs shall [**]; provided, that the [**]. Amdocs' [**] shall [**] Amdocs and the [**] shall be completed. Following [**], Amdocs will [**].

7.7 NOTICE OF DEFAULT.

IF Amdocs [**] Under this agreement or any other [**], or (II) that has [**] Amdocs shall [**] and Amdocs and SBC shall [**].

8. PROJECT PERSONNEL

8.1 TRANSITIONED PERSONNEL.

(a) [**].

(i) [**]. [**] after the Effective Date, Amdocs shall [**]. Included with [**]. Amdocs shall [**]s. Amdocs shall [**] In no event shall [**]. [**], Amdocs shall [**] hereunder.

(ii) [**]. [**], Amdocs shall [**] as a Transitioned Employee hereunder.

(iii) [**]. [**], Amdocs shall [**] as a Transitioned Employee hereunder.

(iv) [**]. [**], Amdocs shall [**] as a Transitioned Employee hereunder.

(v) [**]. Amdocs shall [**] in connection with this Agreement, [**].

(vi) [**]. [**]Amdocs shall [**] as a Transitioned Employee hereunder.

(b) ADDITIONAL TRANSITIONED EMPLOYEES. [**] following the Commencement Date, [**] shall be as set forth in this ARTICLE 8, [**] as Transitioned Employees [**].

(c) [**] TRANSITIONED EMPLOYEES. [**] following the Commencement Date, [**], one or[**]more Transitioned Employees[**]. Amdocs shall [**] any such Transitioned Employee. SBC shall [**].

(d) [**]. Amdocs shall [**]Transitioned Employee [**] Amdocs shall [**] the[**]Transitioned Employees, [**] the Commencement Date, [**] the Commencement Date [**] Transitioned Employees [**] the Commencement Date, [**], provided, however, that Amdocs shall [**]. There shall be [**] the Commencement Date. For purposes of this provision, [**] the Transitioned Employee's[**]. Amdocs may, [**] with Amdocs. [**]Transitioned Employee [**], Amdocs may [**] Transitioned Employee [**] Transitioned Employee. If a Transitioned Employee's [**] by Amdocs [**] with Amdocs, Amdocs shall [**]Transitioned Employee [**] on the

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Effective Date, [**] the Transitioned Employee[**] on the date [**]. For the purposes of the foregoing, [**] Transitioned Employees[**] to the Commencement Date, but Amdocs shall [**], provided, however, that Amdocs shall [**].

(e) [**]. This Agreement is not intended to [**]. Amdocs will [**].

(f) [**]. To the extent [**] Amdocs, Amdocs shall [**] with this ARTICLE 8.

(g) [**]. [**], Amdocs shall have [**] the Commencement Date, [**]applicable contractor.

8.2 EMPLOYEE BENEFIT PLANS.

(a) GENERAL. Except as otherwise provided in this ARTICLE 8, Amdocs shall [**] that are made [**]. Amdocs has [**]. During the term of this Agreement and any extensions thereof, [**] shall be, [**], except as provided below.

(b) [**]. Except as otherwise provided in this ARTICLE 8, the [**], shall be[**], as applicable.

(c) [**]. [**]. Subject to the [**] will be determined by Amdocs; provided, however, that [**] in accordance with SECTION 8.2(b), and [**]. SBC shall [**].

(d) Amdocs will [**]. Amdocs will [**] the Commencement Date.

(e) [**]. SBC will [**] in accordance with the [**]. With respect to all **] as follows:

(i) SBC will [**] the Commencement Date, [**]Transitioned Employee [**]Amdocs will [**].

(ii) Amdocs will [**] in accordance with SECTION 8.2(e)(vi) [**]. Amdocs shall [**] after such date.

(iii) Amdocs will [**] in accordance with SECTION 8.2(e)(vi) [**]. Amdocs shall [**].

(iv) Amdocs will [**] in accordance with SECTION 8.2(e)(vi) [**].

(v) Amdocs will [**] in accordance with SECTION 8.2(e)(vi) [**]. Amdocs shall [**] by Amdocs.

(vi) [**] SECTION 8.2(e)(iii) and SECTION 8.2(e)(iv) shall [**] described in SECTION 8.2(e)(i), [**]. [**] SECTION 8.2(e)(v) shall [**] described in SECTION 8.2(e)(i) above, [**].

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(f) [**]. [**], [**]. During the term of this Agreement, Amdocs shall [**]. Amdocs shall [**] in accordance with SECTION 8.2(b).

(g) [**]. [**] provided by Amdocs [**].

(h) [**]. [**] Amdocs [**] as set [**]. SBC shall [**], Amdocs shall [**].

(i) [**]. [**] Amdocs [**].

(j) [**]. Subject to the provisions of SECTION 8.1(a), [**] shall be [**] Amdocs [**] in accordance with SECTION 8.2(b) [**], Amdocs shall [**] would have [**] shall be [**]. For the purposes of the foregoing, [**] the Commencement Date, [**], provided, however, that Amdocs shall [**].

(k) [**]. [**].

(l) [**].

(i) [**]. [**] as provided in the applicable [**].

(ii) [**]. Amdocs shall [**] for this purpose in accordance with SECTION 8.2(b).

(m) [**]. SBC will [**].

(n) [**]. Amdocs will [**].

8.3 OTHER EMPLOYEE MATTERS.

As of the Employment Effective Date, the Transitioned Employees shall be employees of Amdocs for all purposes. Amdocs shall be responsible [**] for paying any compensation and remitting any income, disability, withholding and other employment taxes for such Transitioned Employees beginning on the Employment Effective Date. Unless otherwise agreed, SBC shall be responsible for (i) funding and distributing benefits under the SBC benefit plans in which Transitioned Employees participated prior to the Employment Effective Date, (ii) for paying any compensation and remitting any income, disability, withholding and other employment taxes for such Transitioned Employees and (iii) any other employment-related claim not arising out of the transactions contemplated by this Agreement for the period prior to the Employment Effective Date of such Transitioned Employee. Subject to Transitioned Employee consent where required, and subject to applicable Law, SBC shall provide Amdocs with such information in SBC's possession reasonably requested by Amdocs in order to fulfill its obligations under this ARTICLE 8.

8.4 KEY AMDOCS PERSONNEL AND CRITICAL SUPPORT PERSONNEL.

(a) [**] KEY AMDOCS PERSONNEL. [**].

(i) [**] Key Amdocs Personnel [**].

(ii) Amdocs shall [**]. Amdocs shall [**], shall provide [**], and shall provide [**] as may be [**], the Parties shall [**]. If the Parties [**].

(iii) SBC may [**] under this Agreement.

(b) [**] KEY AMDOCS PERSONNEL. Amdocs shall [**] under this Agreement. In the event [**], Amdocs shall [**].

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Amdocs shall [**] in accordance with SECTION 8.4(a)(ii), and [**] under this Agreement. [**].

(c) [**] PERSONNEL. Amdocs shall [**] under this Agreement. In the event [**], Amdocs will [**].

(d) [**]. Amdocs will [**].

8.5 [**].

[**] (as described in SECTION 8.4(b)) [**].

8.6 [**] KEY AMDOCS PERSONNEL. [**] the extent to which Amdocs has {**] under this Agreement. SBC shall [**] identified above.

8.7 AMDOCS PERSONNEL ARE NOT SBC EMPLOYEES.

Except as otherwise expressly set forth in this Agreement, the Parties intend to create an independent contractor relationship and nothing in this Agreement shall operate or be construed as making SBC or Amdocs partners, joint venturers, principals, joint employers, co-employers, agents or employees of or with the other. No officer, director, employee, agent, Affiliate, contractor or subcontractor retained by Amdocs to perform work on SBC's behalf hereunder shall be deemed to be an officer, director, employee, agent, Affiliate, contractor or subcontractor of SBC for any purpose. Amdocs, not SBC, has the right, power, authority and duty to supervise and direct the activities of the Amdocs Personnel and to compensate such Amdocs Personnel for any work performed by them on SBC's behalf pursuant to this Agreement. Amdocs, and not SBC, shall be responsible and therefore solely liable for all acts and omissions of Amdocs Personnel.

8.8 REPLACEMENT, QUALIFICATIONS, AND RETENTION OF AMDOCS PERSONNEL.

(a) SUFFICIENCY AND SUITABILITY OF PERSONNEL. Amdocs shall assign (or cause to be assigned) sufficient Amdocs Personnel to provide the Services in accordance with this Agreement and such Amdocs Personnel shall possess suitable competence, ability and qualifications and shall be properly educated and trained for the Services they are to perform.

(b) REQUESTED REPLACEMENT. In the event that SBC determines that the continued assignment to SBC of any Amdocs Personnel (including Key Amdocs Personnel) is not in the best interests of SBC, then SBC shall give Amdocs notice to that effect requesting that such Amdocs Personnel be replaced. Promptly after its receipt of such a request by SBC, the Parties will discuss in good faith appropriate corrective measures designed to address SBC's concerns (such agreement not to be unreasonably withheld by either Party), which shall commence [**] after the Parties begin to discuss corrective measures. If: (i) [**] after the commencement

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of agreed-upon corrective measures, the Parties are unable to agree that the corrective measurements have resolved the problem; or (ii) at any time, if SBC reasonably believes such Amdocs Personnel will create legal liability to SBC or an Eligible Recipient, Amdocs shall, upon SBC's request, replace (or cause to be replaced) as promptly as possible such Amdocs Personnel with an individual of suitable ability and qualifications, without cost to SBC. Nothing in this provision shall operate or be construed to limit Amdocs' responsibility for the acts or omission of the Amdocs Personnel.

(c) [**] DATA. If SBC determines that [**], Amdocs shall [**]. Notwithstanding [**], Amdocs shall [**] subject to the provisions of SECTION 8.4(b).

(d) [**]. Amdocs shall [**] prior to the Commencement Date) prior to [**]; provided that, [**].

(e) [**] PERFORMING SERVICES [**]. [**] performing Services [**] in the provision of the Services, Amdocs shall [**].

(f) [**] EMPLOYEES. [**] to provide Services [**]; provided that [**].

8.9 TRAINING/CAREER OPPORTUNITIES.

Amdocs shall [**].

8.10 CONDUCT OF AMDOCS PERSONNEL.

(a) CONDUCT AND COMPLIANCE. While at SBC Sites, Amdocs Personnel shall (i) comply with the SBC Rules and other rules and regulations regarding personal and professional conduct generally applicable to personnel at such SBC Sites (and communicated orally or in writing to Amdocs or Amdocs Personnel or made available to Amdocs or Amdocs Personnel by conspicuous posting at an SBC Site, electronic posting or other means generally used by SBC to disseminate such information to its employees or contractors), (ii) comply with reasonable requests of SBC personnel pertaining to personal and professional conduct, and (iii) otherwise conduct themselves in a businesslike manner.

(b) IDENTIFICATION OF AMDOCS PERSONNEL. All Amdocs Personnel shall clearly identify themselves as Amdocs Personnel and not as employees of SBC. This shall include any and all communications, whether oral, written or electronic. Each Amdocs Personnel shall wear a badge indicating that he or she is not an employee of SBC.

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(c) RESTRICTION ON MARKETING ACTIVITY. Except for marketing representatives agreed to by Amdocs and SBC, none of the Amdocs Personnel shall conduct any marketing activities at SBC, other than, subject to SECTION 13.3, reporting potential marketing opportunities to Amdocs' designated marketing representatives.

8.11 SUBSTANCE ABUSE.

Amdocs shall immediately remove (or cause to be removed) any Amdocs Personnel who is known to be or reasonably suspected of engaging in substance abuse while on an SBC Site, in an SBC vehicle or while performing Services. In the case of reasonable suspicion, such removal shall be pending completion of the applicable investigation. Substance abuse includes the sale, attempted sale, possession or use of illegal drugs, drug paraphernalia, or, to the extent not permitted on SBC Sites, alcohol, or the misuse of prescription or non-prescription drugs. Amdocs represents and warrants that it has and will maintain a substance abuse policy and that such policy will be applicable to all Amdocs Personnel performing Services under this Agreement. Amdocs represents and warrants that it shall require its Subcontractors and Affiliates providing Services to have and maintain such policy and practices and to adhere to this provision.

8.12 UNION AGREEMENTS AND WARN ACT

(a) NOTICE BY AMDOCS. Amdocs shall provide SBC not less than ninety (90) days notice of the expiration of any collective bargaining agreement with unionized Amdocs Personnel if the expiration of such agreement or any resulting labor dispute could potentially interfere with or disrupt the business or operations of SBC or an Eligible Recipient or impact Amdocs' ability to timely perform its duties and obligations under this Agreement.

(b) WARN ACT COMMITMENT. Amdocs shall not cause any of the Transitioned Employees to suffer "employment loss" as that term is construed under the WARN Act, if such employment loss could create any liability under the WARN Act for SBC, the Eligible Recipients, or its or their Affiliates, unless Amdocs delivers notices under the WARN Act in a manner and at a time such that SBC, the Eligible Recipients, or its or their Affiliates bear no liability with respect thereto.

(c) RESPONSIBILITY. Amdocs shall be responsible for any liability, cost, claim, expense, obligation or sanction attributable to any breach by Amdocs of SECTION 8.12(b) that results in SBC or the Eligible Recipients being in violation of the WARN Act or the regulations promulgated thereunder. Nothing in this provision shall diminish Amdocs' obligation pursuant to SECTION 8.1(d).

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9. AMDOCS RESPONSIBILITIES.

9.1 POLICY AND PROCEDURES MANUAL.

(a) DELIVERY AND CONTENTS. [**], Amdocs shall deliver to SBC for its review, comment and approval (i) an outline of the topics to be addressed in the Policy and Procedures Manual within [**] days after the Effective Date, and (ii) a final draft of the Policy and Procedures Manual [**] after the Effective Date (the "POLICY AND PROCEDURES MANUAL"), in accordance with the requirements set forth in SCHEDULE E, PART 6. At a minimum, the Policy and Procedures Manual shall include the following:

(i) the procedures for SBC/Amdocs interaction and communication, including (i) call lists; (ii) procedures for and limits on direct communication by Amdocs with SBC personnel; (iii) problem management and escalation procedures; (iv) priority and project procedures; (v) acceptance testing; (vi) testing and demonstration procedures; and (vii) quality assurance procedures and checkpoint reviews; and

(ii) practices and procedures addressing such other issues and matters as the Parties shall agree.

Amdocs shall [**].

(b) REVISION AND MAINTENANCE. Amdocs shall incorporate any reasonable comments or suggestions of SBC into the Policy and Procedures Manual and shall deliver a final revised version to SBC [**] of its receipt of such comments and suggestions for SBC's approval. The Policy and Procedures Manual will be delivered and maintained by Amdocs in hard copy and electronic formats.

(c) COMPLIANCE. Amdocs shall perform the Services in accordance with SBC's then-current policies and procedures until the Policy and Procedures Manual is finalized and agreed upon by the Parties. Thereafter, Amdocs shall perform the Services in accordance with the Policy and Procedures Manual. In the event of a conflict between the provisions of this Agreement and the Policy and Procedures Manual, the provisions of this Agreement shall control unless the Parties expressly agree otherwise and such agreement is set forth in the relevant portion of the Policy and Procedures Manual. To the extent that future additions or modifications to the Policy and Procedures Manual materially increase Amdocs' aggregate costs of performance of the Services, the Parties will address such impact through the provisions of SECTION 9.5.

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(d) MODIFICATION AND UPDATING. Amdocs shall promptly modify and update the policy and procedures manual monthly to reflect changes in the operations or procedures described therein and to comply with SBC's strategic decisions as described in Section 9.4. Amdocs shall provide the proposed changes in the manual to SBC for review, comment and approval. To the extent any such change could (i) increase SBC's total costs of receiving the services; (ii) require material changes to SBC facilities, systems, software or equipment; (iii) have a material adverse impact on the functionality, interoperability, performance, accuracy, speed, responsiveness, quality or resource efficiency of the services, or (iv) violate or be inconsistent with SBC's strategic decisions, [**]

9.2 REPORTS.

(a) REPORTS. Amdocs shall provide SBC with reports pertaining to the performance of the Services and Amdocs' other obligations under this Agreement sufficient to permit SBC to monitor and manage Amdocs' performance ("REPORTS"). The Reports to be provided by Amdocs shall include those described in SCHEDULE R in the format and at the frequencies reasonably requested by SBC provided therein. In addition, from time to time, SBC may identify additional Reports to be generated by Amdocs and delivered to SBC on an ad hoc or periodic basis. All Reports shall [**]. The Reports [**].

(b) BACK-UP DOCUMENTATION. As part of the Services, Amdocs shall provide SBC with such documentation and other information available to Amdocs as may be reasonably requested by SBC from time to time in order to verify the accuracy of the Reports provided by Amdocs.

(c) CORRECTION OF ERRORS. [**], Amdocs shall promptly correct any errors or inaccuracies in or with respect to the Reports, the information or data contained in such Reports, caused by Amdocs or its agents, Subcontractors, Managed Third Parties or third party product or service providers.

9.3 QUALITY ASSURANCE.

(a) PROCESSES AND PROCEDURES. Amdocs shall develop and implement quality assurance processes and procedures (including the procedures otherwise specified in this SECTION 9.3) to ensure that the Services are performed in an accurate and timely manner, [**]. Such procedures shall include verification, checkpoint reviews, testing, acceptance, and other procedures for SBC to assure the quality and timeliness of Amdocs' performance. Amdocs shall submit such processes and procedures to SBC for its review, comment and approval within [**] days after the Effective Date. Upon SBC's approval, such processes and procedures shall be included in the Policy and Procedures Manual. [**] the Service Levels and other terms of this Agreement.

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(b) [**]. Pursuant to the terms and conditions of [**]) will have [**]

(c) MATERIALS QUALITY. Amdocs hereby agrees that Materials furnished hereunder by Amdocs have or will have undergone or have or will have been subject to appropriate quality control measures and procedures, including performance measurements, testing, quality process reviews or inspections prior to delivery to SBC.

(d) SUPPLIER PERFORMANCE PROGRAM. Both Parties hereby agree to participate in the Supplier Performance Program (hereinafter "PROGRAM") described below. The Program is a program to assist Amdocs in self-identifying areas of deficiency that may develop in Amdocs' performance as it relates to fulfilling its obligations under this Agreement. Participation in or use of, the Program does not negate or diminish Amdocs' responsibilities as it relates to its requirements to perform its obligation as defined elsewhere in this Agreement nor does it negate, diminish or waive SBC's rights or remedies as defined elsewhere in this Agreement. If there is a conflict between the Program and other sections of this Agreement the other sections of this Agreement shall control. The Parties intent is that documentation requirements under the Program will be satisfied by other documentation obligations provided for elsewhere in this Agreement. Accordingly, the Parties do not anticipate that compliance with the Program will impose upon Amdocs obligations above that otherwise provided for in this Agreement.

Amdocs shall:

(i) Monitor its performance relative to certain measurable performance indices such as product performance, service performance, and on time delivery. Performance measurements collected for the purposes of the Program (hereinafter "Data") will be defined by SBC and communicated to Amdocs from time to time.

(ii) Collect and report to SBC the data relating to Amdocs' performance. The data must be entered by Amdocs in SBC's Amdocs Website (currently www.sbcsuppliers.com) in a format that is designated by SBC. Data will be collected and reported periodically.

(iii) Conduct a self-evaluation of its performance based on the analysis of the data reported. In those areas where Amdocs' performance deviates from [**], Amdocs shall [**]

(iv) Cooperate fully with SBC's supplier performance management team to coordinate Amdocs' activities as they relate to the Program. This includes but is not limited to participation in planning meetings, audits, feedback sessions, and issue resolution.

SBC shall:

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(i) Define the data requirements that Amdocs will monitor and report.

(ii) Provide Amdocs with access to SBC's supplier website for the purposes of entering Amdocs' data.

(iii) Generate Performance Reports summarizing the data and provide Amdocs with periodic feedback evaluating its performance. SBC's supplier performance management team will assist Amdocs in resolving any internal SBC issues that may impact Amdocs' performance.

(e) AMDOCS RECOMMENDATIONS. At least once each Contract Year, Amdocs shall[**], make written recommendations to SBC with respect to the efficiency and cost-effectiveness of the Services, including bringing to SBC's attention any existing or planned promotional offerings of Amdocs, Service upgrades or additional services that Amdocs believes may be of value to SBC or an Eligible Recipient, and recommending reconfigurations that optimize delivery of Services to Amdocs efficiently and eliminate unwanted redundancy.

(f) SAVINGS CLAUSE. Nothing contained in this SECTION 9.3 will diminish Amdocs' obligation to deliver Materials in conformance to Amdocs' warranty obligations under this Agreement.

9.4 [**] STRATEGIC DECISIONS AND AUTHORITY.

(a) [**] STRATEGIC DECISIONS AND AUTHORITY. Notwithstanding any provision in this Agreement to the contrary, [**]. For purposes of the foregoing:

(i) Amdocs shall [**] provided, however, [**],

(ii) SBC shall [**]

(b) AMDOCS SUPPORT. [**] Amdocs shall provide assistance to SBC, in (i) SBC's making of Strategic Decisions, (ii) defining information technology architectures and standards, and (iii) preparing long-term strategic information technology plans and short-term implementation plans for such environment. The assistance to be provided by Amdocs shall include (i) active participation with SBC representatives on permanent and ad-hoc committees and working groups addressing such issues; (ii) assessments of the then-current architectures, standards and systems; (iii) analyses of Strategic Decisions and/or architectures, standards and systems in light of business priorities, business strategies and competitive market forces identified by SBC; and (iv) recommendations regarding architectures and platforms, software and hardware products, information technology strategies and directions, and other enabling technologies. With respect to each recommendation, Amdocs shall provide high level estimates and analyses of the following: (i) cost projections and cost/benefit analyses; (ii) the changes, if any, in the personnel and other resources

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required to operate and support the changed environment; (iii) the resulting impact on SBC's information technology costs; (iv) the expected performance, quality, responsiveness, efficiency, reliability and other service levels; and (v) general plans and high level projected time Schedules for development and implementation.

(c) [**]. [**] SBC shall. [**]. Amdocs shall [**].

9.5 CHANGE CONTROL.

(a) COMPLIANCE WITH CHANGE CONTROL PROCEDURES. In making any System Change, the Parties shall comply with the change control procedures specified in Section 4.0 of SCHEDULE E, PART 3 [**] and shall use the change control system and tools specified by SBC. Prior to making any System Change or using any new (e.g., not tested in or for the SBC environment) Software or Equipment to provide the Services, Amdocs shall have verified by appropriate testing that the change or item has been properly installed, is in Compliance and is performing its intended functions in a reliable manner and is compatible with and capable of operating as part of the SBC environment. This obligation shall be in addition to any unit testing done by Amdocs as part of routine deployment or installation of Software or Equipment.

(b) PROCEDURES FOR SYSTEM CHANGES. The following procedures, as further detailed in the Policy and Procedures Manual shall apply to System Changes:

(i) The Management Committee established pursuant to Part 5 of SCHEDULE E shall act as the Parties' joint committee for supporting and evaluating potential System Changes.

(ii) SBC or Amdocs will submit a description of any desired System Change, together with a description of the reasons for such System Change (a "CHANGE REQUEST"), to the Management Committee for initial business and technical review and prioritization.

(iii) Amdocs will review the Change Request and provide the Management Committee with the items designated in SECTION 9.5(c), including a high-level description of the proposed System Changes, together with possible alternatives, [**].

(iv) The Management Committee will then review the Change Request and Amdocs' response and will develop and provide to SBC cost-benefit and other appropriate analyses regarding the proposed System Change.

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(v) If SBC determines that it desires to proceed with the proposed System Changes, it will so notify Amdocs in writing.

(vi) [**], Amdocs will, [**] as is contemplated in this SECTION 9.5(b) and Section 9.5(c).

(c) SPECIFIC PROCEDURES FOR NEW SERVICES. If SBC requests that Amdocs perform any System Change or other services that are New Services, Amdocs shall promptly prepare a New Services proposal for SBC's consideration. Unless otherwise agreed by the Parties, Amdocs shall prepare such New Services proposal [**] and shall deliver such proposal to SBC [**] after its receipt of SBC's request, or as otherwise agreed between the Parties; provided, however, that Amdocs shall use all commercially reasonable efforts to respond more quickly in the case of a pressing business need or an emergency situation. SBC shall provide such information as Amdocs reasonably requests in order to prepare such New Services proposal. Such New Services proposal shall include, among other things, (i) a detailed project plan [**] for the[**]New Service [**]; (ii) a detailed breakdown of such estimate, (iii) a Schedule for commencing and completing the New Service, (iv) a description of the new hardware or software to be provided by Amdocs in connection with the New Service, (v) a description of the software, hardware and other resources necessary to provide the New Service, (vi) any additional facilities or labor resources to be provided by SBC in connection with the proposed New Service, and (vii) if applicable, [**] the proposed New Service. SBC may accept or reject any New Services proposal in its sole discretion and Amdocs shall not be obligated to perform any New Services to the extent the applicable proposal is rejected. Unless the Parties otherwise agree, if SBC accepts Amdocs' proposal, Amdocs and SBC shall sign an Order for such New Services containing the agreed to resolution of the items required to be included in the New Services proposal set forth above, and Amdocs will perform the New Services and be paid in accordance with such Order and the provisions of this Agreement. In the case of a conflict between the provisions of this Agreement and the express provisions of an Order, the provisions of the Order will prevail as to such conflict, provided that the Order shall be construed in a manner consistent with the terms of this Agreement to the fullest extent possible. An Order may be modified only in writing by the Parties, and shall be binding on the Parties only when executed, confirmed or acknowledged in writing by both Parties. Upon SBC's acceptance of a Amdocs proposal for New Services, the scope of the Services will be expanded and this Agreement will be modified to include such New Services. [**] Amdocs shall [**] Amdocs shall use commercially reasonable efforts to identify [**], and (3) Amdocs shall [**], provided that [**]; provided the [**].

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(d) NEW SERVICES PERFORMED BY TRANSITIONED EMPLOYEES. [**] New Services that will be provided by Amdocs using the Transitioned Employees [**]

(e) SYSTEM CHANGE COSTS. Unless otherwise specified in SCHEDULE E or approved in accordance with Section 9.5(b) or for New Services in accordance with SECTION 9.5(c) or otherwise, [**] associated with (i) the design, installation, implementation, testing and rollout of such System Change, (ii) any modification or enhancement to, or substitution for, any impacted Software, Equipment or System, (iii) any increase in the cost of operating, maintaining or supporting any impacted Software, Equipment or System, and (iv) subject to SECTION 9.5(j), any increase in infrastructure resource usage to the extent it results from a System Change.

(f) [**] provided as [**]which shall be [**] shall be performed [**] The Parties acknowledge that, subject to the terms and conditions of this Agreement, [**] in accordance with the terms and conditions hereof. [**]. To the extent that [**] shall be [**], then the [**]. The Parties will [**]. In those cases [**], Amdocs and SBC will [**] To the extent that SBC and Amdocs [**]. Upon the expiration of this Agreement, [**].

(g) [**]. Amdocs shall [**] the Services; (ii) require material changes to SBC facilities, systems, software, utilities, tools or equipment; (iii) require [**], (iv) have [**] as specified in SECTION 9.4 [**] to which [**].

(h) TEMPORARY EMERGENCY CHANGES. Notwithstanding the foregoing, Amdocs may make temporary System Changes required by an emergency [**]. Amdocs shall document and report such emergency changes to SBC [**] after the change is made. Such System Changes shall not be implemented on a permanent basis [**].

(i) IMPLEMENTATION. Unless otherwise agreed to by the Parties, Amdocs will Schedule and implement all System Changes so as not to (i) materially disrupt or adversely impact the business or operations of SBC or the Eligible Recipients, (ii) degrade the Services then being received by them; or (iii) reduce the Service Levels.

(j) PLANNING AND TRACKING. [**], Amdocs will prepare a [**] "look ahead" Schedule for ongoing and planned System Changes [**]. The status of System Changes will be monitored and tracked by Amdocs against the applicable Schedule.

(k) NEW ELIGIBLE RECIPIENTS. System Changes required by the addition of Potential Eligible Recipients as new Eligible Recipients shall follow the processes otherwise set forth in this SECTION 9.5. In addition, SBC shall [**] set forth in the applicable Order if SBC adds a Potential Eligible Recipient as a new Eligible Recipient; provided however, that [**] new Eligible Recipients [**] in such [**] as Eligible Recipients

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Recipient as a new Eligible Recipient; provided however, that [**] new Eligible Recipients [**] in such [**] as Eligible Recipients.

(l) [**]. SBC may [**] under the provisions of this Agreement and (ii) Amdocs shall [**]

(m) SERVICES EVOLUTION AND MODIFICATION. The Parties anticipate that the Services will evolve and be supplemented, modified, enhanced or replaced over time to keep pace with technological advancements and improvements in the methods of delivering services. The Parties acknowledge and agree that these changes will modify the "Services" and may result in New Services.

(n) ELIGIBLE RECIPIENT REQUESTS. Amdocs will promptly inform the SBC Contract Office of requests for New Services from Eligible Recipients, and shall submit any proposals for New Services to the SBC Contract Office or its designee. Amdocs shall [**] any Eligible Recipients[**], Amdocs shall not be deemed to be in breach of any obligation to provide New Services to such Eligible Recipient. [**] this SECTION 9.5(n),[**] this SECTION 9.5(n).

(o) PROJECT PROPOSALS. To the extent required under this Agreement or the Policy and Procedures Manual, Amdocs shall prepare a Project proposal in accordance with this SECTION 9.5 prior to beginning such Project. SBC may accept or reject such Project proposal in its sole discretion. Amdocs Personnel assigned to perform Projects shall possess the training, education, experience, competence and skill to perform such work. The SBC Contract Office or its designee shall define and set the priority for such Projects. Amdocs shall [**]. Amdocs shall use commercially reasonable efforts [**], Amdocs shall [**] the work to be performed by Amdocs, [**].

(p) [**]. From time to time, [**], Amdocs shall [**]. SBC shall [**]; and Amdocs shall [**] the terms of this Agreement [**] to this Agreement.

(q) INFORMATION FOR EXERCISE OF STRATEGIC DECISIONS AUTHORITY. In order to facilitate SBC's Strategic Decisions, architecture, standards and plans pursuant to SECTION 9.4, Amdocs will provide SBC with such information as SBC shall reasonably require with respect to any such proposed Change Request.

9.6 SOFTWARE CURRENCY.

(a) CURRENCY OF SOFTWARE. Subject to and in accordance with SECTIONS 6.3(a), 6.5, 5.5, 9.4, 9.5, 9.6(c) and SCHEDULE J, Amdocs agrees to maintain reasonable currency for all Software for which it is financially responsible under this Agreement and to provide maintenance and support for new releases and versions of Software for which it is operationally responsible. [**], (i) Amdocs shall [**]

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or as otherwise [**], and (ii) Amdocs shall [**] include (i) providing and supporting [**]; (ii) supporting [**]; and (iii) providing support [**] on the Commencement Date [**] and with the following [**] shall be [**]; and (ii) [**] must be [**]. Further, [**] on the Commencement Date [**]. Notwithstanding the foregoing, [**], Amdocs will [**].

(b) EVALUATION AND TESTING. Prior to installing a new Major Release or Minor Release, Amdocs shall evaluate and test such Release to verify that it will perform in accordance with this Agreement and the architectures [**] of the Services. The evaluation and testing performed by Amdocs shall [**] under such circumstances.

(c) APPROVAL BY SBC. Notwithstanding SECTION 9.6(a), Amdocs shall confer with SBC prior to installing any Major Release or Minor Release, shall provide SBC with the results of its testing and evaluation of such Major Release or Minor Release [**]. Amdocs shall [**].

(d) UPDATES BY SBC. SBC and the Eligible Recipients shall have the right, but not the obligation, to install new releases of, replace, or make other changes to Software for which SBC is financially responsible under this Agreement.

9.7 YEAR 2000 COMPLIANCE.

(a) MATERIALS. Amdocs represents, warrants and covenants that as of the Effective Date or the date of installation, whichever is later, all Amdocs Owned Materials ([**]) and Developed Materials shall be Year 2000 Complaint.

(b) THIRD PARTY EQUIPMENT OR SOFTWARE. Amdocs shall obtain assurances from each third party supplier from whom Amdocs procures new third party Equipment or Software to be operated, maintained, supported or used by Amdocs, SBC or the Eligible Recipients under this Agreement that such Equipment or Software is Year 2000 Compliant and will perform in accordance with the manufacturer's specifications, including those pertaining to the accurate receipt, processing, exchange and storage of date information. Amdocs shall not procure any such Equipment or Software not having such assurances without SBC's prior approval.

(c) NO FORCE MAJEURE EVENT. The failure of any Equipment, Software or System for which Amdocs is operationally responsible to be Year 2000 Compliant shall not be considered a force majeure event and shall not relieve Amdocs of any of its obligations under this Agreement, including its obligations to perform the Services in accordance with the Service Levels.

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9.8 ACCESS TO SPECIALIZED AMDOCS SKILLS AND RESOURCES.

Upon SBC's request, Amdocs shall provide SBC with [**] access to Amdocs' [**]. The Parties acknowledge that [**] may, in some cases, [**], but in no event shall [**] under this subsection [**] upon such [**]process. If SBC authorizes Amdocs to proceed but the Parties disagree as to whether [**], Amdocs shall proceed [**] pursuant to ARTICLE 19.

9.9 AUDIT RIGHTS.

(a) AMDOCS RECORDS. Amdocs shall, and shall cause its Subcontractors and suppliers to, maintain complete and accurate records of and supporting documentation for [**] all transactions, authorizations, System Changes, implementations, soft document access, reports, analyses, data or information created, generated, collected, processed or stored by Amdocs in the performance of its obligations under this Agreement ("CONTRACT RECORDS"). Amdocs shall maintain such Contract Records in accordance with generally accepted accounting principles applied on a consistent basis and generally accepted auditing standards. Amdocs shall retain Contract Records in accordance with SBC's record retention policy as it may be modified from time to time and provided to Amdocs in writing.

(b) OPERATIONAL AUDITS. Amdocs shall, and shall cause its Subcontractors to, provide to SBC [**] access at reasonable hours to Amdocs Personnel, to the facilities at or from which Services are then being provided, transportation vehicles or vessels, or containers used to perform Services, and to Amdocs records and other pertinent information, all to the extent relevant to the Services and Amdocs' obligations under this Agreement. Such access shall be provided for the purpose [**] of this Agreement, [**].

(c) FINANCIAL AUDITS. During the term of this Agreement and for a period [**] of this Agreement, Amdocs shall, and shall cause its Subcontractors to, provide to SBC (and internal and external auditors, inspectors, regulators and other representatives that SBC may designate from time to time, provided they are not Direct Amdocs Competitors) access at reasonable hours to Amdocs Personnel and to Contract Records and other pertinent information, all to the extent relevant to the performance of Amdocs' obligations under this Agreement. Such access shall be provided for the purpose of performing audits and inspections with respect to [**] legal, regulatory and contractual requirements. Amdocs shall provide any assistance reasonably requested by SBC or its designee in conducting any such audit and shall make requested personnel, records and information available during the term of this Agreement and thereafter, during the period specified in SBC's records retention policy, as it may be modified from time to time. [**] in accordance with ARTICLE 19, Amdocs shall [**].

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(d) AUDIT ASSISTANCE. SBC and certain Eligible Recipients may be subject to regulation by governmental bodies and other regulatory authorities under applicable laws, rules, regulations and contract provisions. If a governmental body or regulatory authority exercises its right to examine or audit SBC's or an Eligible Recipient's books, records, documents or accounting practices and procedures pursuant to such laws, rules, regulations or contract provisions, Amdocs shall provide all reasonable assistance requested by SBC or the Eligible Recipient in responding to such audits or government requests for information.

(e) GENERAL PROCEDURES.

(i) [**], SBC shall not be given access to (i) the proprietary information of other Amdocs customers, (ii) Amdocs locations that are not related to SBC or the Services, or (iii) Amdocs' internal costs and expenses, [**]

(ii) In performing audits, SBC shall endeavor to avoid unnecessary disruption of Amdocs' operations and unnecessary interference with Amdocs' ability to perform the Services in accordance with the Service Levels.

(iii) Prior to being granted access, external parties shall first enter into a non-disclosure agreement with Amdocs, in form substantially as set forth in EXHIBIT 6.

(iv) Following any audit, SBC shall conduct (in the case of an internal audit), or request its external auditors or examiners to conduct, an exit conference with Amdocs to obtain factual concurrence with issues identified in the review.

(v) SBC shall provide Amdocs with advanced notice [**] prior to any operational or financial audit by SBC or its authorized agents or representatives. SBC shall be given adequate private workspace in which to perform an audit, plus reasonable access to photocopiers, telephones, facsimile machines, computer hook-ups, and any other facilities or equipment needed for the performance of the audit. SBC will not undertake audits [**], unless SBC has reasonable grounds to believe that Amdocs is not in compliance with this Agreement, including improper invoicing of SBC, or SBC is otherwise required to undertake such audit.

(f) AMDOCS INTERNAL AUDIT. If Amdocs determines as a result of its own internal audit that it has overcharged SBC, then Amdocs shall promptly pay to SBC the amount of such overcharge, together with interest from the date of Amdocs' receipt of such overcharge at the Prime Rate. In the event such an audit results in a determination that Amdocs has undercharged SBC, then, subject to SBC's right

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to dispute the amount of such undercharge, Amdocs shall immediately report such undercharge to SBC and the amount of such undercharge shall be treated, for invoicing and payment purposes, as a credit in arrears for the month in which the undercharge is discovered or in the month in which the final resolution occurs.

(g) AMDOCS RESPONSE. Amdocs and SBC shall meet to review each audit report promptly after the issuance thereof. Amdocs will respond to each audit report in writing [**] from receipt of such report, [**]. Amdocs and SBC shall develop and agree upon an action plan to promptly address and resolve any deficiencies, concerns and/or recommendations in such audit report and Amdocs, [**], shall undertake remedial action in accordance with such action plan and the dates specified therein.

(h) AMDOCS RESPONSE TO GOVERNMENT AUDITS. If an audit by a governmental body or regulatory authority having jurisdiction over SBC, an Eligible Recipient or Amdocs results in a finding that Amdocs is not in compliance with any generally accepted accounting principle or other audit requirement or any rule, regulation or law relating to the performance of its obligations under this Agreement, Amdocs shall, [**] and within the time period specified by such auditor, address and resolve the deficiency(ies) identified by such governmental body or regulatory authority.

(i) AUDIT COSTS. Amdocs and its Subcontractors and suppliers shall provide the Services described in this SECTION 9.9 [**].

9.10 AGENCY AND DISBURSEMENTS.

(a) DISBURSEMENTS. Beginning on the Commencement Date, Amdocs shall make payments to certain lessors, licensors and suppliers as paying agent of SBC or the Eligible Recipients, or shall reimburse SBC for payments made by SBC or the Eligible Recipients to such lessors, licensors and suppliers, if and to the extent such payments relate to Third Party Contracts, Equipment Leases or Third Party Software licenses as to which Amdocs is financially responsible, but which have not been formally transferred to Amdocs.

(b) LIMITED AGENCY. SBC hereby appoints Amdocs as its limited agent during the term of this Agreement solely for the purposes of the administration of Pass-Through Expenses and amounts under Third Party Contracts, Equipment Leases and Third Party Software licenses for which Amdocs is financially responsible under SCHEDULES E or E.1. SBC shall provide, on a timely basis, such affirmation of Amdocs' authority to such lessors, licensors, suppliers and other third parties as Amdocs may reasonably request.

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(c) REIMBURSEMENT FOR SUBSTITUTE PAYMENT. If either Party in error pays to a third party an amount for which the other Party is responsible under this Agreement, the Party that is responsible for such payment shall promptly reimburse the paying Party for such amount.

(d) NOTICE OF DECOMMISSIONING. Amdocs agrees to notify SBC promptly if and to the extent SBC owned Equipment or SBC leased Equipment will no longer be used to provide the Services. The notification will include the identification of the Equipment, and the date it will no longer be needed by Amdocs, along with the reason for decommissioning. Upon receipt of any such notice, SBC may (or may cause the applicable Eligible Recipient to), in its sole discretion, terminate the Equipment lease for such leased Equipment as of the date specified in such notice and sell or otherwise dispose of or redeploy such SBC owned Equipment that is the subject of such a notice as of the date specified in such notice. Upon Amdocs ceasing to use any Equipment (or, in the case of leased Equipment, upon the last day SBC is obligated to make such leased Equipment available to Amdocs, if earlier), Amdocs shall return the same to SBC in condition at least as good as the condition thereof on the Commencement Date, ordinary wear and tear excepted. Amdocs shall, [**]C.

9.11 SUBCONTRACTORS.

(a) USE OF SUBCONTRACTORS. Amdocs shall [**], Amdocs shall (i) [**] the Services [**] the proposed Subcontractor, [**]; and (ii) [**] such Subcontractor. [**] during the term of this Agreement [**]. Notwithstanding the foregoing, [**].

(b) SHARED SUBCONTRACTORS. Amdocs may, in the ordinary course of business, subcontract (i) for third party services or products that are not exclusively dedicated to SBC and that do not include regular direct contact with SBC or Eligible Recipient personnel or the performance of services at SBC Sites or (ii) with temporary personnel firms for the provision of temporary contract labor (collectively, "SHARED SUBCONTRACTORS"); provided, that such Shared Subcontractors possess the training and experience, competence and skill to perform the work in a skilled and professional manner. SBC shall have no approval right with respect to such Shared Subcontractors. If, however, SBC expresses dissatisfaction with the services of a Shared Subcontractor, Amdocs shall work in good faith to resolve SBC's concerns on a mutually acceptable basis and, at SBC request, replace such Shared Subcontractor at no additional cost to SBC.

(c) AMDOCS RESPONSIBILITY. Amdocs shall be responsible for any failure by any Subcontractor or Subcontractor personnel to perform in accordance with this

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Agreement or to comply with any duties or obligations imposed on Amdocs under this Agreement to the same extent as if such failure to perform or comply was committed by Amdocs or Amdocs employees. Amdocs shall guarantee the performance of all such Subcontractors and Subcontractor personnel providing any of the Services hereunder. Amdocs shall be SBC's sole point of contact regarding the Services, including with respect to payment.

9.12 SUPPLIER DIVERSITY.

(a) MBE/WBE/DVBE.

(i) SBC seeks to give minority-, women- and Disabled Veteran-owned businesses the maximum opportunity to participate in the performance of its contracts; current goals are MBE-[**]%, WBE-[**]%, and DVBE-[**]%. Amdocs commits to goals for the participation of MBE/WBE and DVBE firms (as defined in subsection (e) below entitled "MBE/WBE/DVBE Cancellation") as follows: MBE - [**]% percent annual MBE participation; WBE - [**]% percent annual WBE participation; and DVBE - [**]% percent annual DVBE participation. These goals apply to all annual expenditures by any entity pursuant to this Agreement with Amdocs.

(ii) Attached hereto and incorporated herein as SCHEDULE T is Amdocs' completed Participation Plan outlining its MBE/WBE/DVBE goals and specific and detailed plans to achieve those goals. Amdocs will submit an updated Participation Plan annually by the first week in January during each calendar year of the term of this Agreement. Amdocs will submit MBE/WBE/DVBE Results Reports quarterly by the end of the first week following the close of each quarter, using the form attached hereto and incorporated herein as SCHEDULE T. Participation Plans and Results Reports will be submitted to the SBC Contract Office.

(iii) [**] under this Agreement [**]. In addition, Amdocs may [**] under this Agreement [**].

(b) MBE/WBE/DVBE CANCELLATION.

(i) [**] of this Agreement. In the event [**] this Agreement [**].

(ii) For Amdocs purchases under this Agreement, MBEs/WBEs are defined as businesses, which are certified as MBEs/WBEs by a certifying agency recognized by SBC.

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(iii) MBEs/WBEs must be [**] owned by a minority individual or group or by one or more women (for publicly-held businesses, [**] of the stock must be owned by one or more of those individuals), and the MBEs/WBEs' management and daily business operations must be controlled by one or more of those individuals, and these individuals must be either U.S. citizens or legal aliens with permanent residence status. For the purpose of this definition, minority group members include male or female Asian Americans, Black Americans, Filipino Americans, Hispanic Americans, Native Americans (i.e., American Indians, Eskimos, Aleuts and Native Hawaiians), Polynesian Americans, and multi-ethnic (i.e., any combination of MBEs and WBEs where no one specific group has [**] ownership and control of the business, but when aggregated, the ownership and control combination meets or exceeds the [**]. "Control" in this context means exercising the power to make policy decisions. "Operate" in this context means actively involved in the day-to-day management of the business and not merely acting as officers or directors.

(iv) For Amdocs purchases under this Agreement, DVBEs are defined as any business concern that satisfies the requirements of the following paragraph and is certified as a DVBE by a certifying agency recognized by SBC.

(v) The DVBE must be (i) a non publicly-owned [**] owned by one or more disabled veterans; or (ii) a publicly-owned business in which [**] of the stock is owned by one or more disabled veterans; or (iii) a subsidiary which is wholly owned by a parent corporation, but only if [**] of the voting stock of the parent corporation is owned by one or more disabled veterans; or (iv) a joint venture in which [**] of the joint venture's management and control and earnings are held by one or more disabled veterans. In each case, the management and control of the daily business operations must be by one or more disabled veterans. A disabled veteran is a veteran of the military, naval or air service of the United States with a service-connected disability. "Management and control" in this context means exercising the power to make policy decisions and actively involved in the day-to-day management of the business and not merely acting as officers or directors.

9.13 GOVERNMENT CONTRACT FLOW-DOWN CLAUSES.

(a) GENERAL. The Parties acknowledge and agree that, as a matter of federal procurement law, Amdocs may be deemed a subcontractor to SBC or an Eligible Recipient under one or more of their contracts with the federal government, that the Services provided or to be provided by Amdocs in such circumstances may

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constitute "COMMERCIAL ITEMS" as that term is defined in the Federal Acquisition Regulation, 48 C.F.R. Section 52.202, and that subcontractors providing commercial items under government contracts are subject to certain mandatory flow-down clauses (currently, (i) Equal Opportunity, (ii) Affirmative Action for Special Disabled and Vietnam Era Veterans, and (iii) Affirmative Action for Handicapped Workers) under the Federal Acquisition Regulation, 48 C.F.R. Section 52.244-6. The Parties agree that, insofar as certain clauses are be required to be flowed down to Amdocs, Amdocs shall comply, [**] with those clauses required by applicable regulations to be included in a subcontract for commercial items.

(b) SPECIAL REQUIREMENTS. The Parties do not believe that the Services provided by Amdocs under this Agreement will be subject to government flow-down requirements other than those associated with any subcontracts for commercial items. Should compliance by Amdocs with additional flow-down provisions nevertheless be required by the federal government in certain circumstances, Amdocs shall comply with such additional flow-down provisions as are required by applicable regulations to be included in a subcontract, and the Parties shall negotiate in good faith regarding the additional consideration, if any, to be paid to Amdocs in such circumstances. [**] pursuant to SECTION 11.5, [**].

10. SBC RESPONSIBILITIES.

10.1 RESPONSIBILITIES.

In addition to SBC's responsibilities as expressly set forth elsewhere in this Agreement, SBC shall be responsible for the following:

(a) SBC CONTRACT OFFICE. The SBC Contract Office shall have the authority to act on behalf of SBC in all day-to-day matters pertaining to this Agreement. SBC may change the designated SBC Contract Office from time to time by providing notice to Amdocs. Additionally, SBC will have the option, but will not be obligated, to designate in writing additional representatives who will be authorized to make certain decisions (e.g., regarding emergency maintenance) if the SBC Contract Office is not available.

(b) COOPERATION. SBC shall cooperate with Amdocs by, among other things, making available, as reasonably requested by Amdocs, management personnel, information, approvals and acceptances so that Amdocs may accomplish its obligations and responsibilities hereunder.

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(c) REQUIREMENT OF WRITING. To the extent Amdocs is required under this Agreement to obtain SBC's approval, consent or agreement, such approval, consent or agreement must be in writing and must be signed or e-mailed by the SBC Contract Office or an authorized SBC representative. Notwithstanding the preceding sentence, the SBC Contract Office may agree in advance in writing that as to certain specific matters oral approval, consent or agreement will be sufficient.

10.2 SAVINGS CLAUSE.

Amdocs' failure to perform its responsibilities under this Agreement or to meet the Service Levels shall be excused if and to the extent such Amdocs non-performance is caused by SBC's or an Eligible Recipient's or any third party under SBC's or an Eligible Recipient's control's act or omission, [**].

11. CHARGES.

11.1 GENERAL.

(a) PAYMENT OF CHARGES. In consideration of Amdocs' performance of the Services, SBC agrees to pay Amdocs the applicable Charges set forth in SCHEDULE J.

(b) [**] TRANSITION SERVICES. The [**] for Transition Services provided by or for Amdocs under this Agreement [**]. SBC shall [**] set forth in this ARTICLE 11, or SCHEDULE J. Any and all costs incurred by Amdocs prior to the Effective Date are specified and included in SCHEDULE J (except for work done under agreements between the Parties existing prior to the Effective Date, which shall be paid and invoiced under those existing agreements).

(c) [**], Amdocs shall [**].

(d) CHARGES FOR NEW SERVICES. For New Services, SBC will pay Amdocs at the Time and Material (T&M) rates listed in SCHEDULE J.

11.2 PASS-THROUGH EXPENSES.

(a) PROCEDURES AND PAYMENT. SBC shall pay all Pass-Through Expenses directly to the applicable suppliers following review, validation and approval of such Pass-Through Expenses by Amdocs. Before submitting an invoice to SBC for any Pass-Through Expense, Amdocs shall (i) review and validate the invoiced charges, (ii) identify any errors or omissions, and (iii) communicate with the applicable supplier to correct any errors or omissions, resolve any questions or issues and obtain any applicable credits for SBC. Amdocs shall deliver to SBC

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the original supplier invoice, together with any documentation supporting such invoice and a statement that Amdocs has reviewed and validated the invoiced charges, [**] prior to the date on which payment is due. In addition, [**] prior to such date. [**].

(b) [**]. Amdocs will [**].

11.3 [**].

Amdocs acknowledges that [**] set forth in this Agreement [**].

11.4 TAXES

The Parties' respective responsibilities for taxes arising under or in connection with this Agreement shall be as follows:

(a) INCOME TAXES. Each Party shall be responsible for its own Income Taxes.

(b) SALES, USE AND PROPERTY TAXES. Each Party shall be responsible for any sales, lease, use, personal property or other such taxes on Equipment, Software or property it owns or leases from a third party, including any Equipment lease assigned pursuant to this Agreement, and/or for which it is financially responsible under this Agreement.

(c) TAXES ON GOODS OR SERVICES USED BY AMDOCS. [**] shall be responsible for all sales, service, value-added, lease, use, personal property, excise, consumption, and other taxes and duties payable [**] on any goods or services used or consumed by Amdocs in providing the Services where the tax is imposed on [**] use of such goods or services.

(d) SERVICE TAXES. [**] shall be financially responsible for all Service Taxes as of the Effective Date on the provision of the Services as a whole, or on any particular Service received by or the license granted pursuant to Schedule X or other products provided to SBC or the Eligible Recipients, from or by Amdocs. If new or higher Service Taxes thereafter become applicable to the Services as a result of either Party moving all or part of its operations to a different jurisdiction (e.g., SBC opening a new office, Amdocs relocating a shared service center) [**] Service Taxes. If new or higher Service Taxes become applicable to such Services after the Effective Date for any other reason (e.g., tax law changes, but not volume changes) the Parties shall negotiate in good faith and diligently seek to agree upon a reasonable and fair allocation and sharing of financial responsibility for such new or additional Service Taxes. If the Parties are unable to agree upon such an allocation and sharing within thirty (30) days, either Party

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may submit the issue for resolution through the dispute resolution procedures of SECTION 19.2. If required [**] under this provision. [**]under this Section [**].

(e) CERTAIN FOREIGN TAXES. In the event a non-United States Eligible Recipient shall purchase directly from Amdocs under this Agreement any Service, license or product, such non-United States Eligible Recipient shall be financially responsible for Service Taxes and withholding taxes assessed by the applicable foreign (non-United States) jurisdiction in connection with the provision of Service, license or product by Amdocs to such non-United States Eligible Recipient; provided that Amdocs shall, in accordance with SECTION 11.4(f) hereof, cooperate with SBC and the non-United States Eligible Recipient to minimize any liability for such taxes and shall so stipulate such taxes in any applicable proposed Order. In the case of any such required payment [**] the [**] in accordance with the applicable law.

(f) EFFORTS TO MINIMIZE TAXES. The Parties agree to reasonably cooperate with each other to enable each to more accurately determine its own tax liability [**] this section is[**].

Amdocs' invoices shall separately state the Charges that are subject to taxation and the amount of taxes included therein stated as separate items and shall indicate the jurisdiction imposing the tax. Each Party will provide and make available to the other any resale certificates, information regarding out-of-state or out-of-country sales or use of equipment, materials, or services, and other exemption certificates or information reasonably requested by either Party. [**]The Parties shall [**] in accordance with [**]

At SBC's request, Amdocs shall provide SBC with written evidence of Amdocs' filing of all required tax forms and returns required in connection with any Service Taxes collected from SBC, and its collection and remittance of all applicable Service Taxes.

(g) TAX AUDITS OR PROCEEDINGS. Each Party will promptly notify the other of, and coordinate with the other, the response to and settlement of, any claim for taxes asserted by applicable taxing authorities for which the other Party is responsible hereunder. With respect to any claim arising out of a form or return signed by a Party to this Agreement, such Party will have the right to elect to control the response to and settlement of the claim, but the other Party will have all rights to participate in the responses and settlements that are appropriate to its potential responsibilities or liabilities. Each Party also shall have the right to challenge the imposition of taxes for which it is financially responsible under this Agreement or, if necessary, to request the other Party to challenge the imposition of such taxes. Such request will not be unreasonably denied. If either Party requests the

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other to challenge the imposition of any tax, the requesting Party will reimburse the other for all fines, penalties, interest, additions to taxes (penalty in notice) or similar liabilities imposed in connection therewith, plus the reasonable legal fees and expenses it incurs. A Party shall be entitled to any tax refunds or rebates granted to the extent such refunds or rebates are of taxes that were paid by it.

(h) TAX FILINGS. Each Party represents, warrants and covenants that it will file appropriate tax returns, and pay applicable taxes owed arising from or related to the provision of the Services in applicable jurisdictions. Amdocs represents, warrants and covenants that it is registered to and will collect and remit Service Taxes in all applicable jurisdictions.

11.5 [**].

(a) [**]. As used in this Agreement, [**]" means a circumstance in which [**] and which by the application of SECTION 11.5(c) would [**] include the following:

(i) changes [**];

(ii) changes [**];

(iii) [**] or the [**];

(iv) changes [**];

(v) changes [**];

(vi) changes [**];

(vii) changes [**];

(viii) changes [**]; and

(ix) [**] pursuant to SECTION 11.5.

(b) [**]. As used in this Agreement, [**] means the following [**] and which by the application of SECTION 11.5(c) [**].

(i) [**] For example, [**].

(ii) [**] For example, [**].

(iii) [**] changes [**].

(iv) [**] that will [**] in connection with the [**].

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(c) [**]. [**] set forth in SECTION 9.5 [**] described in either SECTION 11.5(b)(i), (ii) or (iii) above:[**] described in SECTION 11.5(b)(iv) above, [**]. The Parties thereafter shall[**].

11.6 [**].

(a) [**]. Subject to SECTION 9.4, Amdocs shall provide [**] and support [**].

(b) [**]. The Parties agree that [**], the Parties shall [**].

(c) [**]. [**] to provide [**] generally [**] to be [**] generally [**] subject to Section 9.5, [**] with the [**].

(d) [**]. Amdocs shall [**] shall include [**].

11.7 PRORATION.

Periodic charges under this Agreement are to be computed on a calendar month basis, and shall be prorated for any partial month on a calendar day basis.

11.8 REFUNDABLE ITEMS.

(a) PREPAID AMOUNTS. Where SBC has prepaid for a Service for which Amdocs is assuming financial responsibility under this Agreement, Amdocs shall refund to SBC, upon either Party identifying the prepayment, that portion of such prepaid expense that is attributable to periods on and after the Commencement Date. After termination or expiration of this Agreement for any reason, where Amdocs has prepaid for a service that will be received by SBC after termination or expiration of this Agreement, SBC shall refund to Amdocs, upon either Party identifying the prepayment, that portion of such prepaid expense that is attributable to periods on and after the termination or expiration date.

(b) REFUNDS AND CREDITS. If Amdocs should receive a refund, credit, discount or other rebate for goods or services paid for by SBC on a Pass-Through Expense, or cost-reimbursement basis, then Amdocs shall (i) notify SBC of such refund, credit, discount or rebate and (ii) pay the full amount of such refund, credit, discount or rebate to SBC.

11.9 [**].

(a) [**]. From time to time during the term of this Agreement [**] the Services [**] In making this [**] as and to the extent [**] the term of the agreement; [**] includes the [**]supplier; (iii) [**] includes the [**] this Agreement [**] includes [**].

(b) GENERAL. [**] confidentiality and security provisions specified in this Agreement. [**] under this Agreement.

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(c) [**]. [**] shall have [**]. If the Parties [**]).

12. INVOICING AND PAYMENT.

12.1 INVOICING.

(a) INVOICE. [**], Amdocs will present SBC with one invoice for any charges or amounts due and owing [**]. Notwithstanding the foregoing, [**]. The invoice shall be delivered to SBC at the address listed in Section 21.3. Except as otherwise set forth herein, Amdocs shall not invoice SBC for any advance or concurrent charges or other amounts.

(b) FORMAT AND DATA. Each invoice shall be provided electronically (if requested by SBC) and shall be in the form specified in EXHIBIT 1. Each invoice shall include all details necessary to meet SBC's requirements, [**] requirements. [**]

(c) CREDITS. To the extent a credit [**] may be due to SBC pursuant to this Agreement, Amdocs shall provide SBC with an appropriate credit against amounts then due and owing; if no further payments are due to Amdocs, Amdocs shall pay such amounts to SBC [**].

(d) LATE INVOICES. [**], Amdocs shall [**]. Notwithstanding SECTION 12.2, SBC shall have a period of time not less than the period between the performance of Services and SBC's receipt of the invoice for such Services in which to investigate the accuracy and, if appropriate, dispute such invoice.

12.2 PAYMENT DUE.

Subject to the other provisions of this ARTICLE 12, each invoice provided for under SECTION 12.1 shall be due and payable [**] of such invoice unless the amount in question is disputed in accordance with SECTION 12.4. Notwithstanding any other remedies available to Amdocs under this Agreement or under applicable law, payment more than [**] days after the due date shall bear interest from the date payment is due at the rate of [**] percent ([**]%) per annum [**], unless the amount in arrears is disputed in good faith and until such dispute is resolved. However, the undisputed amounts shall be paid by SBC without delay as aforesaid.

12.3 [**].

With respect to any [**] hereunder.

12.4 [**].

[**] subject to the following:

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(a) [**]. [**] in accordance with this Agreement, [**]. [**] in accordance with this Agreement, [**].

(b) [**]. [**] Amdocs shall [**]. [**] in this Agreement, [**] under this Agreement [**] of this Agreement.

(c) [**]. [**] Amdocs shall [**].

(d) [**]. [**] in this Agreement [**] under this Agreement [**] of this Agreement.

(e) [**]. [**] may otherwise have [**].

(f) [**]. [**] SBC shall [**].

13. SBC DATA AND OTHER PROPRIETARY INFORMATION.

13.1 SBC OWNERSHIP OF SBC DATA.

SBC Data are and shall remain the property of SBC. Amdocs shall promptly deliver or provide SBC access to SBC Data to SBC in the format, on the media and in the timing prescribed by SBC (i) at any time at SBC's request, (ii) at the expiration or termination of this Agreement and the completion of all requested Termination Assistance Services, or (iii) with respect to particular SBC Data, at such earlier date that such data are no longer required by Amdocs to perform the Services. Thereafter, Amdocs shall return or destroy, as directed by SBC, all copies of the SBC Data in Amdocs' possession or under Amdocs' control [**] and deliver to SBC written certification of such return or destruction signed by an officer of Amdocs. [**]. SBC Data shall not be utilized by Amdocs for any purpose other than the performance of Services under this Agreement and the resolution of disputes (consistent with SECTION 13.3(b)(iii)). Nor shall SBC Data be sold, assigned, leased, commercially exploited or otherwise provided to third parties by or on behalf of Amdocs or Amdocs Personnel. Amdocs shall promptly notify SBC if Amdocs believes that any use of SBC Data by Amdocs contemplated under this Agreement or to be undertaken as part of the Services is inconsistent with the foregoing. Amdocs shall not possess or assert any lien or other right against or to SBC Data.

13.2 SAFEGUARDING SBC DATA.

(a) SAFEGUARDING PROCEDURES. Amdocs shall establish and maintain environmental, safety and facility procedures, data security procedures and other safeguards against the destruction, loss, unauthorized access or alteration of SBC Data in the possession of Amdocs which are [**] as of the Commencement Date [**] and applicable Laws. Amdocs will revise and maintain such procedures and safeguards upon SBC's request. SBC shall have the right to establish backup security for SBC Data and to keep backup copies of the SBC Data in SBC possession at SBC expense if SBC so chooses. Amdocs shall remove all SBC Data from any media taken out of service and shall destroy or securely erase such media in accordance with the Policy and Procedures Manual. No media on which SBC Data is stored may be used or re-used to store data of any other customer of Amdocs or to deliver data to a third party, including another Amdocs customer,

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unless securely erased in accordance with the Policy and Procedures Manual. In the event Amdocs discovers or is notified of a breach or potential breach of security relating to SBC Data, Amdocs will expeditiously under the circumstances notify SBC and investigate and remediate the effects of such breach or potential breach of security and will provide SBC with such assurances as SBC shall request that such breach or potential breach will not recur.

(b) RECONSTRUCTION PROCEDURES. As part of the Services, Amdocs shall be responsible for developing and maintaining procedures for the reconstruction of lost SBC Data which are [**] as of the Commencement Date [**].

(c) CORRECTIONS. Amdocs shall at all times adhere to the procedures and safeguards specified in SECTION 13.2(a) and (b), and shall correct, at no charge to SBC, any destruction, loss or alteration of any SBC Data attributable to the failure of Amdocs or Amdocs Personnel to comply with Amdocs' obligations under this Agreement.

13.3 CONFIDENTIALITY.

(a) PROPRIETARY INFORMATION. Amdocs and SBC each acknowledge that the other possesses and will continue to possess information that has been developed or received by it, has commercial value in its or its customer's business and is not in the public domain. Except as otherwise specifically agreed in writing by the Parties, "PROPRIETARY INFORMATION" means (i) this Agreement and the terms thereof; (ii) all information marked confidential, restricted or proprietary by either Party; and (iii) any other information that is treated as confidential by the disclosing Party and would reasonably be understood to be confidential, whether or not so marked. In the case of SBC and the Eligible Recipient, Proprietary Information also shall include Software provided to Amdocs by or through SBC or the Eligible Recipients, Developed Materials, SBC Data, attorney-client privileged materials, attorney work product, customer lists, customer information and pricing, strategic plans, account information, research information, trade secrets, financial/accounting information, human resources and personnel information, marketing/sales information, information regarding businesses, plans, operations, third party contracts, internal or external audits, law suits or other information or data obtained, received, transmitted, processed, stored, archived, or maintained by Amdocs under this Agreement. By way of example, SBC Proprietary Information shall include [**]. In the case of Amdocs, Proprietary Information shall include [**].

(b) OBLIGATIONS.

(i) During the term of this Agreement and at all times thereafter, Amdocs and SBC shall not disclose, and shall maintain the confidentiality of, all

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Proprietary Information of the other Party. SBC and Amdocs shall each use at least the same degree of care to safeguard and to prevent disclosing to third parties the Proprietary Information of the other as it employs to avoid unauthorized disclosure, publication, dissemination, destruction, loss, or alteration of its own like information (or information of its customers) of a similar nature, but not less than reasonable care. Amdocs Personnel shall have access to SBC Proprietary Information only to the extent necessary for such person to perform his or her obligations under or with respect to this Agreement or as otherwise naturally occurs in such person's scope of responsibility, provided that such access is not in violation of Law.

(ii) The Parties may disclose Proprietary Information to their Affiliates, auditors, attorneys, accountants, consultants, contractors and subcontractors, where (A) use by such person or entity is authorized under this Agreement, (B) such disclosure is necessary for the performance of such person's or entity's obligations under or with respect to this Agreement or otherwise naturally occurs in such person's or entity's scope of responsibility, (C) the person or entity (and its applicable officers and employees) agree in writing to assume the obligations described in this SECTION 13.3, and (D) the disclosing Party assumes full responsibility for the acts or omissions of such person or entity and takes all reasonable measures to ensure that the Proprietary Information is not disclosed or used in contravention of this Agreement. Any disclosure to such person or entity shall be under the terms and conditions as provided herein. Each Party's Proprietary Information shall remain the property of such Party. Notwithstanding the foregoing, consultants, contractors and subcontractors and subcontractors of each Party shall enter into a non-disclosure agreement in the forms attached to this Agreement as EXHIBIT 6 with the other Party prior to receiving Proprietary Information of the first Party. Notwithstanding the foregoing, SBC shall not provide Proprietary Information to Direct Amdocs Competitors without Amdocs' consent, [**]; provided, however, that Amdocs' consent [**] Amdocs' Proprietary Information and provided further that Amdocs may, in its sole discretion, [**]s; provided, further, that Amdocs shall [**].

(iii) Neither Party shall (i) make any use or copies of the Proprietary Information of the other Party except as contemplated by this Agreement, (ii) acquire any right in or assert any lien against the Proprietary Information of the other Party, (iii) sell, assign, transfer, lease, or otherwise dispose of Proprietary Information to third parties or commercially exploit such information, including through derivative

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works, or (iv) refuse for any reason (including a default or material breach of this Agreement by the other Party) to promptly provide the other Party's Proprietary Information (including copies thereof) to the other Party if requested to do so. Upon expiration or any termination of this Agreement and completion of each Party's obligations under this Agreement, each Party shall return or destroy, as the other Party may direct, all documentation in any medium that contains, refers to, or relates to the other Party's Proprietary Information [**]. Each Party shall deliver to the other Party written certification of its compliance with the preceding sentence signed by an officer of such Party. In addition, each Party shall take all necessary steps to ensure that its employees comply with these confidentiality provisions.

(c) EXCLUSIONS. SECTION 13.3(b) shall not apply to any particular information which the receiving Party can demonstrate by written documentation (i) is, at the time of disclosure to it, in the public domain other than through a breach of the receiving Party's or a third party's confidentiality obligations; (ii) after disclosure to it, is published by the disclosing Party or otherwise becomes part of the public domain other than through a breach of the receiving Party's or a third party's confidentiality obligations; (iii) is lawfully in the possession of the receiving Party at the time of disclosure to it; (iv) is received from a third party having a lawful right to disclose such information; or (v) is independently developed by the receiving Party without reference to Proprietary Information of the furnishing Party. In addition, the receiving Party shall not be considered to have breached its obligations under this SECTION 13.3 for disclosing Proprietary Information of the other Party as required, in the opinion of legal counsel, to satisfy any legal requirement of a competent government body, provided that, promptly upon receiving any such request, such Party advises the other Party of the Proprietary Information to be disclosed and the identity of the third party requiring such disclosure prior to making such disclosure in order that the other Party may interpose an objection to such disclosure, take action to assure confidential handling of the Proprietary Information, or take such other action as it deems appropriate to protect the Proprietary Information. The receiving Party shall use commercially reasonable efforts to cooperate with the disclosing Party in its efforts to seek a protective order or other appropriate remedy or in the event such protective order or other remedy is not obtained, to obtain assurance that confidential treatment will be accorded such Proprietary Information.

(d) LOSS OF PROPRIETARY INFORMATION. Each Party shall: (i) immediately notify the other Party of any possession, use, knowledge, disclosure, or loss of such other Party's Proprietary Information in contravention of this Agreement; (ii) promptly furnish to the other Party all known details and assist such other Party in

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investigating and/or preventing the reoccurrence of such possession, use, knowledge, disclosure, or loss; (iii) cooperate with the other Party in any investigation or litigation deemed necessary by such other Party to protect its rights; and (iv) promptly use all commercially reasonable efforts to prevent further possession, use, knowledge, disclosure, or loss of Proprietary Information in contravention of this Agreement. Each Party shall bear any costs it incurs in complying with this SECTION 13.3(d).

(e) NO IMPLIED RIGHTS. Nothing contained in this Section 13.3 shall be construed as obligating a Party to disclose its Proprietary Information to the other Party, or as granting to or conferring on a Party, expressly or impliedly, any rights or license to any Proprietary Information of the other Party.

(f) SURVIVAL. The Parties' obligations of non-disclosure and confidentiality shall survive the expiration or termination of this Agreement for a period of ten (10) years.

13.4 FILE ACCESS.

SBC will have unrestricted access to, and the right to review and retain the entirety of, all computer or other files containing SBC Data, as well as all systems and network logs. At no time will any of such files or other materials or information be stored or held in a form or manner not immediately accessible to SBC. Amdocs shall provide to the SBC Contract Office all passwords, codes, comments, keys, documentation and the locations of any such files promptly upon the request of SBC, including Equipment and Software keys and such information as to format, encryption (if any) and any other specifications or information necessary for SBC to retrieve, read, revise and/or maintain such files. [**] SBC may request access [**] as contemplated by this Agreement.

14. OWNERSHIP OF MATERIALS.

14.1 SBC OWNED MATERIALS.

SBC shall be the sole and exclusive owner of all SBC owned Materials, including SBC Owned Software, and all enhancements and derivative works of such Materials, including United States and foreign intellectual property rights in such Materials ("SBC OWNED MATERIALS").

14.2 DEVELOPED MATERIALS.

(a) OWNERSHIP [**]. Unless the Parties agree otherwise, [**] pursuant to this Agreement, but not including [**] of this Agreement [**] in connection with the

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Services provided by Amdocs under this Agreement [**]. If any such Developed Materials may [**] such Developed Materials, [**]. Amdocs acknowledges [**] such Developed Materials. Amdocs agrees [**] Amdocs is free [**] (including under this Agreement) [**] (including rights in the [**].

(b) [**]. Amdocs shall, [**] Developed Materials. [**] such Materials; [**] for such Materials shall [**] of such Materials [**] applicable to Developed Materials.

14.3 AMDOCS OWNED MATERIALS.

(a) GENERAL. Amdocs shall be the sole and exclusive owner of the (i) Materials it lawfully owned prior to the Commencement Date, (ii) Materials acquired by Amdocs on or after the Commencement Date (including any such Materials purchased from SBC pursuant to this Agreement), (iii) derivative works of Amdocs Owned Software created by Amdocs and not otherwise owned by SBC pursuant to the terms of this Agreement, (iv) Materials developed by Amdocs other than in the course of the performance of its obligations under this Agreement or in connection with the use of any SBC Data or SBC Owned Software ("AMDOCS OWNED MATERIALS"), including United States and foreign intellectual property rights in such Amdocs Owned Materials.

(b) EMBEDDED MATERIALS. To the extent that Amdocs Owned Materials are embedded in any Developed Materials covered by SECTION 14.2(a), Amdocs shall not be deemed to have assigned its intellectual property rights in such Amdocs Owned Materials to SBC, but Amdocs hereby grants to SBC a license consistent with and on the same terms as the license granted to SBC under SCHEDULE X for so long as such Amdocs Owned Materials remain embedded in such Developed Materials.

(c) [**]. [**], Amdocs will [**] perform the Services.

14.4 OTHER MATERIALS.

This Agreement shall not confer upon either Party intellectual property rights in Materials of the other Party (to the extent not covered by this ARTICLE 14) unless otherwise so provided elsewhere in this Agreement.

14.5 GENERAL RIGHTS.

(a) COPYRIGHT LEGENDS. Each Party agrees to reproduce copyright legends which appear on any portion of the Materials which may be owned by the other Party or third parties.

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(b) [**]. Nothing in this Agreement (including ARTICLE 8) [**] under this Agreement, [**]; provided, however, that this SECTION 14.5(b) shall [**] under this Agreement [**].

(c) NO IMPLIED LICENSES. Except as expressly specified in this Agreement, nothing in this Agreement shall be deemed to grant to one Party, by implication, estoppel or otherwise, license rights, ownership rights or any other intellectual property rights in any Materials owned by the other Party or any Affiliate of the other Party (or, in the case of Amdocs, any Eligible Recipient).

(d) INCORPORATED MATERIALS. Should either Party incorporate into Developed Materials any intellectual property subject to third party patent, copyright or license rights, any ownership or license rights granted herein with respect to such Materials shall be limited by and subject to any such patents, copyrights or license rights; provided that, prior to incorporating any such intellectual property in any Materials, the Party incorporating such intellectual property in the Materials has disclosed this fact and obtained the prior approval of the other Party.

14.6 SBC RIGHTS UPON EXPIRATION OR TERMINATION OF AGREEMENT.

As part of the Termination Assistance Services, Amdocs shall provide the following to SBC and the Eligible Recipients with respect to Materials and Software:

(a) SBC OWNED MATERIALS. With respect to Materials owned by SBC, Amdocs shall, [**]:

(i) deliver to SBC all such Materials and all copies thereof in the format and medium in use by Amdocs in connection with the Services as of the date of such expiration or termination; and

(ii) following confirmation by SBC that the copies of such Materials delivered by Amdocs are acceptable and the completion by Amdocs of any Termination Assistance Services for which such Materials are required, destroy or securely erase all other copies of such Materials then in Amdocs' possession and cease using such Materials for any purpose.

(b) AMDOCS OWNED MATERIALS. Subject to payment of any Termination Charges due upon termination, with respect to those Materials owned by Amdocs or Amdocs Affiliates and used by them to provide the Services (with the exception of the Amdocs Software Package which is licensed to SBC by Amdocs pursuant to the terms and conditions set forth in SCHEDULE X), Amdocs unless otherwise agreed in advance by SBC in accordance with Section 6.4(c), [**]:

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(i) hereby [**] under SCHEDULE X;

(ii) shall [**]; and

(iii) shall [**] of this Agreement [**] set forth on SCHEDULE X.

(c) SBC shall [**] in this SECTION 14.6(c).

(d) THIRD PARTY SOFTWARE AND MATERIALS. To the extent permitted under applicable third party agreements, with respect to Third Party Software and Materials licensed by Amdocs or Amdocs Affiliates or Subcontractors and used by them to provide the Services, Amdocs hereby grants to SBC (or, at SBC's election, to SBC's designee who agrees to be bound by the confidentiality requirements of a non-disclosure agreement as otherwise required under this Agreement) a sublicense (with the right to grant sublicenses) offering the same rights and warranties with respect to such Third Party Software and Materials available to Amdocs (or Amdocs Affiliates or Subcontractors), on the same terms and conditions, for the benefit and use of SBC and the Eligible Recipients upon the expiration or termination of this Agreement with respect to the Services for which such Third Party Software or Materials were used, including any growth or increased utilization thereof after the termination or expiration of this Agreement; provided that, during the Termination Assistance Services period, Amdocs may, with SBC's approval, substitute one of the following for such sublicense:

(i) the assignment to SBC (or, at SBC's election, to SBC's designee) of the underlying license for such Third Party Software or Materials; or

(ii) the procurement for SBC (or, at SBC's election, to SBC's designee) of a new license (with terms at least as favorable as those in the license held by Amdocs or its Affiliates or Subcontractors and with the right to grant sublicenses) to such Third Party Software and Materials for the benefit or use of SBC and the Eligible Recipients.

In all events, SBC shall be obligated to make monthly or annual payments attributable to periods after the expiration or termination of this Agreement with respect to the Services for which such Third Party Software or Materials were used for the right to receive maintenance or support related thereto, but only to the extent Amdocs would have been obligated to make such payments if it had continued to hold the licenses in question or SBC has agreed in advance to make such payments.

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(e) SUBSTITUTE MATERIALS. If and to the extent SBC has agreed in advance to accept substitute software or materials, Amdocs may, in lieu of Third Party Software and Materials to which SBC is otherwise entitled under SECTION 6.4(c), deliver the specified licenses and other rights to equivalent software and materials which are sufficient to perform, [**], support or resources and at the levels of efficiency required by this Agreement, the functions of such Third Party Software and Materials after the expiration or termination of this Agreement.

15. REPRESENTATIONS AND WARRANTIES.

15.1 WORK STANDARDS.

Amdocs represents and warrants that the Services shall be rendered with promptness and diligence and shall be executed in a professional and workmanlike manner, in accordance [**] the Service Levels. Amdocs represents and warrants that it shall use adequate numbers of qualified individuals with suitable training, education, experience, competence and skill to perform the Services. Amdocs shall provide such individuals with training as to new products and services prior to the implementation of such products and services in the SBC environment.

15.2 MAINTENANCE.

(a) AMDOCS RESPONSIBILITY. Amdocs represents and warrants that, unless otherwise agreed, it shall maintain the Equipment and Software so that they operate substantially in accordance with the Service Levels and their specifications, including (i) maintaining Equipment in good operating condition, subject to normal wear and tear, (ii) undertaking repairs and preventive maintenance on Equipment in accordance with the applicable Equipment manufacturer's recommendations and requirements, and (iii) performing Software maintenance in accordance with the applicable Software supplier's documentation, recommendations and requirements.

(b) OUT OF SUPPORT THIRD PARTY EQUIPMENT AND SOFTWARE. For Third Party Equipment and Software no longer supported by the licensor or manufacturer for which Amdocs has operational responsibility under SCHEDULES E and E.2, Amdocs shall use commercially reasonable efforts to perform maintenance for such Equipment or Software as required.

(c) REFRESH. To the extent Amdocs has financial responsibility under SCHEDULES E and E.1 for Equipment or Software, Amdocs shall Upgrade or replace such Equipment or Software as necessary to satisfy its obligations under this Agreement, [**].

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15.3 EFFICIENCY AND COST EFFECTIVENESS.

Amdocs represents and warrants that it shall use commercially reasonable efforts to provide the Services in the most effective manner consistent with the required level of quality and performance. Without limiting the generality of the foregoing, such actions shall include:

(a) TIMING OF ACTIONS. Making adjustments in the timing of actions [**]

(b) TIMING OF FUNCTIONS. [**], the performance of non-critical functions [**].

(c) SYSTEMS OPTIMIZATION. Tuning or optimizing the Systems (including memory) used to perform the Services [**].

(d) USAGE SCHEDULING. Controlling its use of the System and/or the SBC data network by scheduling usage, where possible, to low utilization periods

(e) ALTERNATIVE TECHNOLOGIES. Using alternative technologies to perform the Services.

(f) EFFICIENCY. Efficiently using resources for which SBC retains financial responsibility, consistent with industry norms, and compiling data concerning such efficient use in segregated and auditable form whenever possible.

15.4 SOFTWARE AND MODERNIZATION SERVICES.

(a) OWNERSHIP AND USE. Amdocs represents, warrants and covenants that it is either the owner of, or authorized to use, any and all Software provided and used by Amdocs in providing the Services. As to any such Software that Amdocs does not own but is authorized to use, Amdocs shall advise SBC as to the ownership and extent of Amdocs' rights with regard to such Software to the extent any limitation in such rights would materially impair Amdocs' performance of its obligations under this Agreement.

(b) AMDOCS OWNED SOFTWARE COMPLIANCE. Amdocs represents, warrants and covenants that any Amdocs Owned Software will [**] described therein.

(c) DEVELOPED MATERIALS COMPLIANCE. Amdocs represents, warrants and covenants that Developed Materials shall [**] be set forth in the applicable Order.

(d) AMDOCS SOFTWARE PACKAGE COMPLIANCE. In addition to the representations, warranties and covenants above, Amdocs represents, warrants and covenants that Amdocs Software Package [**].

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(e) NONCONFORMITY. In the event that the Amdocs owned software, developed materials or the Amdocs software package do not comply with the specifications and criteria set forth in this agreement, and/or materially and adversely affect the services provided hereunder, Amdocs shall repair in accordance with the provisions of Schedule G or replace such software or material with conforming software or material. [**]

(f) OUT OF SUPPORT THIRD PARTY SOFTWARE. To the extent third party software for which Amdocs is operationally responsibility under Schedules E and E.2 is no longer supported by the applicable licensor or manufacturer, [**].

15.5 NON-INFRINGEMENT.

(a) PERFORMANCE OF RESPONSIBILITIES. Except as otherwise provided in this Agreement, each Party represents and warrants that it shall perform its responsibilities under this Agreement in a manner that does not infringe, or constitute an infringement or misappropriation of, any patent, copyright, trademark, trade secret or other proprietary or privacy rights of any third party; provided, however, that the performing Party shall not have any obligation or liability to the extent any infringement or misappropriation is caused by (i) modifications made by the other Party or its contractors or subcontractors, without the knowledge or approval of the performing Party, (ii) the other Party's combination of the performing Party's work product or Materials with items not furnished, specified or reasonably anticipated by the performing Party or contemplated by this Agreement, (iii) a breach of this Agreement by the other Party, (iv) the failure of the other Party to use corrections or modifications provided by the performing Party offering equivalent features and functionality, or (v) [**] the performing Party to [**]. Each Party further represents an warrants that it will not use or create materials in connection with the Services which are or are alleged to be libelous, defamatory or obscene.

(b) THIRD PARTY SOFTWARE INDEMNIFICATION. In addition, unless otherwise agreed, with respect to Third Party Software provided by Amdocs pursuant to this Agreement, Amdocs covenants that it shall make commercially reasonable efforts to obtain and provide intellectual property indemnification for SBC (or obtain intellectual property indemnification for itself and enforce such indemnification on behalf of SBC) from the suppliers of such Software. [**] under this Agreement.

(c) ACTIONS IN CASE OF INFRINGEMENT. In the event that (1) any Materials, Developed Materials, Equipment or Software provided by Amdocs or its Affiliates or Subcontractors pursuant to this Agreement or used by them in the performance of the Services are found or, based upon a third party claim or threatened claim of infringement, are likely to be found, to infringe upon the patent, copyright, trademark, trade secrets, intellectual property or proprietary rights of any third

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party [**] under this Agreement or (2) the continued use of such Materials, Developed Materials, Equipment or Software is enjoined, Amdocs shall, in addition to defending, indemnifying and holding harmless SBC as provided in Section 17.1(a)(iii) and to the other rights SBC may have under this Agreement, promptly and at its own cost and expense and in such a manner as to minimize the disturbance to SBC's and the Eligible Recipients' business activities do one of the following:

(i) [**]. [**] such Materials, Developed Materials, Equipment or Software.

(ii) [**]. [**] as contemplated by this Agreement).

(iii) [**]. [**] such items [**].

15.6 AUTHORIZATION.

Each Party represents and warrants to the other that:

(a) CORPORATE EXISTENCE. It is a corporation duly incorporated, validly existing and in good standing under the laws of its State of incorporation;

(b) CORPORATE POWER AND AUTHORITY. It has the requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement;

(c) LEGAL AUTHORITY. It has obtained all licenses, authorizations, approvals, consents or permits required to perform its obligations under this Agreement under all applicable Laws and under all applicable rules and regulations of all authorities having jurisdiction over the Services, except to the extent the failure to obtain any such license, authorizations, approvals, consents or permits is, in the aggregate, immaterial;

(d) DUE AUTHORIZATION. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement have been duly authorized by the requisite corporate action on the part of such Party; and

(e) NO VIOLATION OR CONFLICT. The execution, delivery, and performance of this Agreement shall not constitute a violation of any judgment, order, or decree; a material default under any material contract by which it or any of its material assets are bound; or an event that would, with notice or lapse of time, or both, constitute such a default.

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15.7 INDUCEMENTS.

Amdocs represents and warrants that it has not given and will not give commissions, payments, kickbacks, lavish or extensive entertainment, or other inducements of more than minimal value to any employee or agent of SBC in connection with this contract. Amdocs also represents and warrants that, to the best of its knowledge, no officer, director, employee, agent or representative of Amdocs has given any such payments, gifts, entertainment or other thing of value to any employee or agent of SBC. Amdocs also acknowledges that the giving of any such payments, gifts, entertainment, or other thing of value is strictly in violation of SBC policy on conflicts of interest, [**].

15.8 MALICIOUS CODE.

Each party shall cooperate with the other party and shall take commercially reasonable actions and precautions (including the use of antivirus software) consistent with Schedule E to prevent the introduction and proliferation of malicious code into SBC's environment or any system used by Amdocs to provide the services. [**] Under this agreement, [**] the malicious code [**].

15.9 DISABLING CODE.

Amdocs represents and warrants that, without the prior written consent of SBC, Amdocs shall not insert into the Software any Disabling Code. Amdocs further represents and warrants that, with respect to any Disabling Code that may be part of the Software, Amdocs shall not invoke or cause to be invoked such Disabling Code at any time, including upon expiration or termination of this Agreement for any reason, without SBC's prior written consent. Amdocs also represents and warrants that it shall not use Third Party Software with Disabling Code without the prior approval of SBC.

15.10 COMPLIANCE WITH LAWS.

(a) COMPLIANCE BY AMDOCS. Amdocs represents and warrants that, with respect to the provision of the Services and the performance of its other legal and contractual obligations hereunder, it is and shall be in compliance with all applicable Laws (including but not limited to those requiring the acquisition of applicable permits, certificates, manifests, approvals and inspections, applicable to the use of SBC Sites in the provision of Services, and applicable to the Equipment, Software, Systems and Services for which Amdocs is operationally responsible) on the Effective Date and shall remain in compliance with such Laws for the entire term of this Agreement. If a charge or a claim of non-compliance by Amdocs with such Laws is made or asserted against Amdocs, Amdocs shall promptly notify SBC of such charge or claim.

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(b) COMPLIANCE DATA AND REPORTS. [**], Amdocs shall provide SBC with data and reports in Amdocs' possession necessary for SBC to comply with, all Laws applicable to the Services.

(c) SOFTWARE, EQUIPMENT, SYSTEMS AND MATERIALS COMPLIANCE. Amdocs covenants that the Software, Equipment, Systems and Materials owned, provided or used by Amdocs in providing the Services (other than [**]) are in compliance with all applicable Laws on the Effective Date and shall remain in compliance with such Laws for the entire term of this Agreement.

(d) NOTICE OF LAWS. Amdocs shall notify SBC of any Laws and changes in Laws of which Amdocs is aware applicable to the provision of the Services and shall identify the impact of such Laws and changes in Laws on Amdocs' performance and SBC's receipt and use of such Services. Amdocs also shall [**] to be provided hereunder and shall [**], Amdocs shall [**]. With respect to those Laws applicable to SBC [**], SBC shall [**]. At SBC's request, Amdocs Personnel shall participate in SBC provided regulatory compliance training programs.

(e) CHANGES IN LAWS. Amdocs shall comply with all Laws and changes in Laws (including Laws specifically applicable to SBC or the Eligible Recipients as providers of telecommunication or directories or advertising services to the extent Amdocs receives notice of such Laws from SBC or as otherwise provided in Section 15.10) and shall implement upon SBC approval any necessary modifications to the Services prior to the deadline imposed by the regulatory or governmental body having jurisdiction for such requirement or change. With respect to changes in the Laws applicable to the provision of telecommunication or directories or advertising services by SBC or the Eligible Recipients (excluding Laws applicable to the provision of information technology, data processing and/or printing products and services), such modifications shall be considered New Services [**] provided by Amdocs [**]; provided that, [**], Amdocs shall [**] with compliance with such Laws.

(f) COMPLIANCE WITH DATA PRIVACY LAWS. Without limiting the foregoing, with respect to any SBC Personal Data, Amdocs shall comply with all Laws under applicable Privacy Laws (as well as Laws with respect to any customer proprietary network information (as defined under the Telecommunications Act of 1996 and applicable Federal Communications Commission regulations). Amdocs shall also provide SBC with such assistance as SBC may reasonably require to fulfill its responsibilities under the respective applicable Privacy Laws.

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(g) COMPLIANCE WITH EXPORT CONTROL LAWS. The Parties expressly acknowledge their obligation to comply with all applicable Laws regarding export from the United States of computer hardware, software, technical data or derivatives thereof, as such Laws may be modified from time to time. In their respective performance of the activities contemplated under this Agreement, neither party will directly or indirectly export (or re-export) any computer hardware, software, technical data or derivatives of such hardware, software or technical data, or permit the shipment of same: (a) into any country to which the United States has embargoed goods; (b) to anyone on the U.S. Treasury Department's List of Specially Designated Nationals, List of Specially Designated Terrorists or List of Specially Designated Narcotics Traffickers, or the U.S. Commerce Department's Denied Parties List; or (c) to any country or destination for which the United States government or a United States governmental agency requires an export license or other approval for export without first having obtained such license or other approval. Each Party will reasonably cooperate with the other and will provide to the other promptly upon request any end-user certificates, affidavits regarding re-export or other certificates or documents as are reasonably requested to obtain approvals, consents, licenses and/or permits required for any payment or any export or import of products or services under this Agreement. To the extent within Amdocs' control, Amdocs shall be responsible for, and shall coordinate and oversee, compliance with such export Laws in respect of such items exported or imported hereunder. This SECTION 15.10(g) shall not relieve the Amdocs of its obligation to perform the Services as provided herein, but such performance shall be undertaken in a manner complying with such Laws. The provisions of this SECTION 15.10(g) will survive the expiration or termination of this Agreement for any reason.

(h) FCPA COMPLIANCE. Without limiting any other provision of this Agreement, in all activities associated with the performance of the Services, Amdocs shall perform in a manner consistent with the requirements of the FCPA. The FCPA prohibits the payment or offering anything of value to a government official or political party or candidate for the purpose of corrupting the exercise of an individual's duties and attempting to influence that individual to provide or retain business. [**].

(i) RESPONSIBILITY. [**]Amdocs, SBC or the Eligible Recipients [**] of Amdocs or its Subcontractors or third party product or service providers [**] under this Agreement.

15.11 [**].

[**] the Services will be [**] with the [**] the Services.

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15.12 DISCLAIMER.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, NEITHER PARTY MAKES ANY REPRESENTATIONS, CONDITIONS OR WARRANTIES TO THE OTHER PARTY, WHETHER EXPRESS OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES AND CONDITIONS OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

16. INSURANCE AND RISK OF LOSS.

16.1 INSURANCE.

(a) REQUIREMENTS. With respect to performance hereunder, and in addition to Amdocs' obligation to indemnify, Amdocs agrees to maintain, at all times during the term of this Agreement, the following minimum insurance coverages and limits and any additional insurance and/or bonds required by law:

(i) Workers' Compensation insurance with benefits afforded under the laws of the state in which the Services are to be performed and Employers Liability insurance with minimum limits of $[**] for Bodily Injury-each accident, $[**] for Bodily Injury by disease-policy limits and $[**] for Bodily Injury by disease-each employee.

(ii) Commercial General Liability insurance with minimum limits of: $[**] General Aggregate limit; $[**] each occurrence sub-limit for all bodily injury or property damage incurred in any one occurrence; $[**] each occurrence sub-limit for Personal Injury and Advertising; $[**] Products/Completed Operations Aggregate limit, with a $[**] each occurrence sub-limit for Products/Completed Operations. Fire Legal Liability sub-limits of $[**] are required for lease agreements.

SBC will be listed as an Additional Insured on the Commercial General Liability policy.

(iii) Professional or Errors & Omissions insurance with minimum limits of $[**] each occurrence and $[**] in the aggregate.

SBC will be listed as an Additional Insured on the Professional or Errors & Omissions policy.

(iv) If use of a motor vehicle is required, Automobile Liability insurance with minimum limits of $[**] combined single limits per occurrence for bodily

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injury and property damage, which coverage shall extend to all owned, hired and non-owned vehicles.

(b) APPROVED COMPANIES. All such insurance shall be procured with reputable insurance companies and in such form as shall be acceptable to SBC. SBC requires that companies affording insurance coverage have a rating of [**] and a Financial Size Category rating of [**], as rated in the A.M. Best Key Rating Guide for Property and Casualty Insurance Companies.

(c) ENDORSEMENTS. The cancellation clause on the certificate of insurance will be amended to read as follows:

"THE ISSUING COMPANY WILL MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER PRIOR TO CANCELLATION OR A MATERIAL CHANGE TO POLICY DESCRIBED ABOVE."

(d) CERTIFICATES. A certificate of insurance stating the types of insurance and policy limits provided Amdocs must be received prior to commencement of any work. If a certificate is not received, Amdocs hereby authorizes SBC, and SBC may, but is not required to, obtain insurance on behalf of Amdocs as specified herein. SBC will either invoice Amdocs for the costs incurred to so acquire insurance or will reduce by an applicable amount any amount owed to Amdocs.

(e) NO IMPLIED LIMITATION. The obligation of Amdocs to provide the insurance specified herein shall not limit in any way any obligation or liability of Amdocs provided elsewhere in this Agreement.

(f) SUBCONTRACTORS. Amdocs shall also require all subcontractors performing work on the project or who may enter upon the SBC Sites to maintain the same insurance requirements listed above.

(g) [**]. With respect to insurance coverage to be provided by Amdocs pursuant to SECTION 16.1, the applicable insurance policies shall provide [**].

16.2 RISK OF LOSS.

(a) GENERAL. Except as otherwise provided in ARTICLE 17, each Party shall be responsible for risk of loss of, and damage to, any Equipment, Software or other materials in its possession or under its control. Amdocs shall [**] provide the Services. Each Party shall promptly notify the other of any damage (except normal wear and tear), destruction, loss, theft, or governmental taking of any item of Equipment, Software or other materials in the possession or under the control

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of such Party, whether or not insured against by such Party, whether partial or complete, which is caused by any act, omission, fault or neglect of such Party ("EVENT OF LOSS"). Such Party shall be responsible for the cost of any necessary repair or replacement of such Equipment, Software or other materials due to an Event of Loss; in the event of an SBC Event of Loss, such repair or replacement shall not be considered part of Amdocs' maintenance obligations. For an SBC Event of Loss, Amdocs shall coordinate and oversee repair or replacement performed by a third-party on a Pass-Through Expenses basis, or by Amdocs at agreed-upon prices.

(b) WAIVER. Except as provided below, Amdocs and SBC each waive all rights to recover against the other Party for damage, destruction, loss, theft, or governmental taking of their respective real or tangible personal property (whether owned or leased) from any cause to the extent covered by insurance maintained by each of them, [**]. This waiver of subrogation shall not extend to the damage, destruction, loss or theft of real or tangible personal property caused by the negligence or other tortious conduct of the other Party or the failure of the other Party to comply with its obligations under this Agreement. Amdocs and SBC will [**] by each Party.

17. INDEMNITIES.

17.1 INDEMNITY BY AMDOCS.

(a) GENERAL INDEMNIFICATION. Subject to the provisions of SECTION 18.2 Amdocs agrees to indemnify, defend and hold harmless SBC and the Eligible Recipients and their respective officers, directors, employees, agents, representatives, successors, and assigns from any and all Losses relating to third party claims arising from or in connection with any of the following:

(i) [**]. [**] on or after the Commencement Date [**] pursuant to this Agreement;

(ii) [**]. [**] on or after the Commencement Date [**] to provide the Services;

(iii) [**]. [**] proprietary rights [**];

(iv) [**]. [**], that are the [**];

(v) [**]. [**] or the regulations promulgated thereunder;

(vi) [**]. [**] under this Agreement, [**] under this Agreement; and

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(vii) [**]. [**] resulting from [**] from and after [**] from and after [**] in connection with [**]; (vi) other aspects of the [**] and/or (vii) [**] with respect to the [**], except, in each case, to the extent [**] under this Agreement.

(b) [**]. Notwithstanding anything to the contrary in this Agreement, [**] in connection with: [**] of this Agreement, and [**] of this Agreement.

17.2 INDEMNITY BY SBC.

(a) Subject to the provisions of SECTION 18.2, SBC agrees to indemnify, defend and hold harmless Amdocs and its officers, directors, employees, agents, representatives, successors, and assigns, from any Losses relating to third party claims arising from or in connection with any of the following:

(i) [**] under this Agreement;

(ii) [**] pursuant to this Agreement;

(iii) [**]. [**] other proprietary rights [**];

(iv) [**]. [**], that are the [**];

(v) [**]. [**] under this Agreement, [**] under this Agreement;

(vi) [**]. [**] relating to the [**]; and

(vii) [**]. [**] under this Agreement.

(b) [**]. Notwithstanding anything to the contrary in this Agreement, [**] of this Agreement.

17.3 ADDITIONAL INDEMNITIES.

Amdocs and SBC each agree to indemnify, defend and hold harmless the other, and the Eligible Recipients and their respective Affiliates, officers, directors, employees, agents, representatives, successors, and assigns, from any and all Losses and threatened Losses arising from or in connection with any of the following: (a) the death or bodily injury of any agent, employee, customer, business invitee, business visitor or other person caused by the negligence or other tortious conduct of the indemnitor or the failure of the indemnitor to comply with its obligations under this Agreement; and (b) the damage, loss or destruction of any real or tangible personal property caused by the negligence or other

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tortious conduct of the indemnitor or the failure of the indemnitor to comply with its obligations under this Agreement.

17.4 ENVIRONMENTAL MATTERS.

(a) EQUIPMENT CONTAINING HAZARDOUS MATERIALS. SBC shall provide to Amdocs any MSDSs that it possesses for Equipment at SBC Sites, which are included in [**]. At least fifteen (15) days prior to the delivery of Equipment containing Hazardous Materials for which SBC is financially responsible to an SBC Site or the transfer of ownership of Amdocs-owned Equipment containing Hazardous Materials to SBC, Amdocs shall provide SBC with a MSDS for such Equipment. Each MSDS must include an attachment indicating the specific worker protection equipment requirement for use with the Hazardous Material covered thereby. If the Hazardous Material is a chemical defined by Proposition 65, the MSDS for said chemical should indicate that the chemical is one, which is known to the State of California to cause cancer, birth defects, or other reproductive harm. Notwithstanding any other provision of this Agreement, SBC shall have the right, but not the duty, to refuse acceptance or rescind the agreement to transfer ownership of any Equipment containing Hazardous Materials without incurring liability. Amdocs shall also ensure that all Equipment addressed in this subsection, which is required by applicable Laws to be marked, is so marked. Amdocs shall also provide SBC with the same information, if any, that it provides to any Amdocs Personnel concerning the disposition of such Equipment.

(b) DISPOSITION OF WASTE. [**] shall investigate, select, and identify the transporter, which will be used to transport Waste (Waste Transporter) and the facility, which will be used to receive, handle, dispose, recycle, or treat Waste (Waste Facility). [**]reserves the right to veto any Waste Transporter or Waste Facility selection that [**] knows or has reason to know is not acceptable. Should [**] select a Waste Facility that is a RCRA B permitted facility, [**] agrees to provide the [**] Environmental Management (EM) regional office for the [**] Site producing the Waste with proof that such facility meets the financial assurance obligations imposed upon RCRA B permitted facilities by Laws to compensate third parties for bodily injury or property damage arising from facility operations by (i) a copy of a Hazardous Waste Facility Liability endorsement or a copy of the Certificate of Liability Insurance on file with the Environmental Protection Agency (EPA); (ii) a copy of the letter on file with the EPA from the Waste Facility's chief financial officer demonstrating the Waste Facility's ability to cover liability claims; (iii) a copy of the corporate guarantee on file with the EPA which shows the guarantor has sufficient funds to implement the guarantee, or (iv) any combination of the above.

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Prior to initiating Waste shipments requiring a generator number, [**] shall obtain an [**] generator number from the [**] EM regional office for the [**] Site producing the Waste. [**] shall also ensure that (i) all applicable shipping documentation (e.g., manifests and bills of lading) and labels are properly prepared and affixed to the Waste and the Waste is packaged, prepared, and shipped in containers and/or vehicles specified by the then current and applicable regulations of the U.S. Department of Transportation (DOT), the Environmental Protection Agency (EPA) or any successors thereto and/or any other federal, state, and/or local agency having jurisdiction. [**] of removal of Waste from an SBC Site, [**] shall provide the [**] EM regional office for the [**] Site producing the Waste with the properly dated transporter acknowledgement of receipt of Waste.

The addresses of the [**] regional offices are as follows:
[**]
[**]
[**]

(c) SBC WARRANTIES. SBC warrants that (i) during the term of this Agreement SBC Sites will be in material compliance with applicable Environmental Laws; (ii) it shall promptly provide Amdocs with notice of any Substance Release of Hazardous Materials of which it has knowledge, that is reportable under applicable Environmental Laws, and that directly or indirectly affects Amdocs' ability to perform Services at SBC Sites; (iii) if Hazardous Materials in, on, or adjacent to any SBC Site, including such SBC Site's soil or surface or groundwater, directly or indirectly affects Amdocs' activities or Amdocs' Personnel at an SBC Site, SBC will clean up and remove the Hazardous Materials, in accordance with applicable Environmental Laws and remediate the SBC Site, if required by applicable Environmental Laws, to the condition approved by the applicable governmental agency; and (iv) it shall promptly provide Amdocs with notice of any Environmental Claim directly related to any Amdocs Personnel or Amdocs' activities at such SBC Sites.

(d) AMDOCS WARRANTIES. Amdocs warrants that (i) it will not use, manufacture, store, treat, transport, refine, handle, produce, or dispose of a Hazardous Material in, at, on, under, upon or from an SBC Site except in material compliance with applicable Environmental Laws; (ii) it shall promptly provide SBC with notice of any Substance Release of Hazardous Materials in, at, on, under, upon, or from an SBC Site of which it has knowledge that is reportable under applicable Environmental Laws; (iii) it shall promptly provide SBC with notice of any Environmental Claim directly related to any SBC Site or Amdocs' activities at such SBC Sites; and (iv) if it causes Hazardous Materials to contaminate an SBC Site, including such SBC Site's soil or surface or groundwater, it will promptly clean up and remove such Hazardous Materials in accordance with applicable Environmental Laws and remediate the SBC Site, if required by applicable

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Environmental Laws, to the condition approved by the applicable governmental agency.

17.5 INDEMNIFICATION PROCEDURES.

With respect to third party claims, the following procedures shall apply:

(a) NOTICE. Promptly after receipt by any entity entitled to indemnification (under SECTION 17.1 through SECTION 17.4 or any other provisions of this Agreement) of notice of the commencement or threatened commencement of any civil, criminal, administrative, or investigative action or proceeding involving a claim in respect of which the indemnitee will seek indemnification pursuant to any such Section, the indemnitee shall notify the indemnitor of such claim. No delay or failure to so notify an indemnitor shall relieve it of its obligations under this Agreement except to the extent that such indemnitor has suffered actual prejudice by such delay or failure. Within fifteen (15) days following receipt of notice from the indemnitee relating to any claim, but no later than five (5) days before the date on which any response to a complaint or summons is due, the indemnitor shall notify the indemnitee that the indemnitor elects to assume control of the defense and settlement of that claim (a "NOTICE OF ELECTION").

(b) PROCEDURE FOLLOWING NOTICE OF ELECTION. If the indemnitor delivers a Notice of Election within the required notice period, the indemnitor shall assume sole control over the defense and settlement of the claim; provided, however, that (i) the indemnitor shall keep the indemnitee fully apprised at all times as to the status of the defense, and (ii) the indemnitor shall obtain the prior written approval of the indemnitee before entering into any settlement of such claim asserting any liability against the indemnitee or imposing any obligations or restrictions on the indemnitee or ceasing to defend against such claim. The indemnitor shall not be liable for any legal fees or expenses incurred by the indemnitee following the delivery of a Notice of Election; provided, however, that (i) the indemnitee shall be entitled to employ counsel at its own expense to participate in the handling of the claim, and (ii) the indemnitor shall pay the fees and expenses associated with such counsel if, in the reasonable judgment of the indemnitee, based on an opinion of counsel, there is a conflict of interest with respect to such claim or if the indemnitor has requested the assistance of the indemnitee in the defense of the claim or the indemnitor has failed to defend the claim diligently. The indemnitor shall not be obligated to indemnify the indemnitee for any amount paid or payable by such indemnitee in the settlement of any claim if (x) the indemnitor has delivered a timely Notice of Election and such amount was agreed to without the written consent of the indemnitor, (y) the indemnitee has not provided the indemnitor with notice of such claim and a reasonable opportunity to respond

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thereto, or (z) the time period within which to deliver a Notice of Election has not yet expired.

(c) PROCEDURE WHERE NO NOTICE OF ELECTION IS DELIVERED. If the indemnitor does not deliver a Notice of Election relating to any claim within the required notice period, the indemnitee shall have the right to defend the claim in such manner, as it may deem appropriate. The indemnitor shall promptly reimburse the indemnitee for all such costs and expenses incurred by the indemnitee, including attorneys' fees.

17.6 SUBROGATION.

Except as otherwise provided in SECTIONS 16.1 or 16.2 in the event that an indemnitor shall be obligated to indemnify an indemnitee pursuant to SECTION 17.1 through SECTION 17.4 or any other provision of this Agreement, the indemnitor shall, upon payment of such indemnity in full, be subrogated to all rights of the indemnitee with respect to the claims to which such indemnification relates.

18. LIABILITY.

18.1 FORCE MAJEURE.

(a) GENERAL. Subject to SECTION 18.1(d), neither Party shall be liable for any default or delay in the performance of its obligations under this Agreement if and to the extent such default or delay is caused, directly or indirectly, by fire, flood, earthquake, elements of nature or acts of God; wars, riots, civil disorders, rebellions or revolutions, or any other similar cause beyond the reasonable control of such Party, except to the extent the non-performing Party is at fault in failing to prevent or causing such default or delay, and provided that such default or delay can not reasonably be circumvented by the non-performing Party through the use of alternate sources, workaround plans or other means. A strike, lockout or labor dispute involving Amdocs or a Subcontractor and its own personnel shall not excuse Amdocs from its obligations hereunder. [**]. Notwithstanding the foregoing, force majeure events shall not excuse SBC's payment obligations under this Agreement.

(b) DURATION AND NOTIFICATION. In such event the non-performing Party shall be excused from further performance or observance of the obligation(s) so affected for as long as such circumstances prevail and such Party continues to use all commercially reasonable efforts to recommence performance or observance whenever and to whatever extent possible without delay. The Party so prevented, hindered or delayed in its performance shall, as quickly as practicable under the

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circumstances, notify the Party to whom performance is due by telephone (to be confirmed in writing within one (1) day of the inception of such delay) and describe at a reasonable level of detail the circumstances of the force majeure event, the steps being taken to address such force majeure event, and the expected duration of such force majeure event.

(c) [**]. In addition, if any event described in [**] of this Agreement [**] and the [**] hereunder shall be [**] this Agreement [**] [**] of this Agreement.

(d) DISASTER RECOVERY. Upon the occurrence of a force majeure event, Amdocs shall implement promptly, as appropriate, its disaster recovery plan and provide disaster recovery services, and shall periodically update and test such disaster recovery plan, as described in SCHEDULE E and SCHEDULE G. The occurrence of a force majeure event shall not relieve Amdocs of its obligation to implement its disaster recovery plan and provide disaster recovery services.

(e) [**]. [**] in accordance with this Agreement [**] hereunder [**].

(f) [**]. [**] under this Agreement [**].

18.2 LIMITATION OF LIABILITY.

(a) LIMITATIONS. EXCEPT AS PROVIDED IN THIS SECTION 18.2, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR CONSEQUENTIAL, INCIDENTAL, EXEMPLARY, OR PUNITIVE DAMAGES, INCLUDING LOST REVENUE, REGARDLESS OF THE FORM OF THE ACTION OR THE THEORY OF RECOVERY, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. Additionally, except as provided below, the total aggregate liability of either Party, for claims asserted by the other Party under or in connection with this Agreement, regardless of the form of the action of the theory of recovery, shall be limited as follows:

(i) [**] the Term [**] the Term); and

(ii) [**] the Term [**] the Term).

For purposes of this SECTION 18.2(a), [**] for the purposes of the foregoing.

(b) [**]. The limitations of liability set forth in SECTION 18.2(a) shall [**]

(i) [**] under this Agreement;

(ii) [**] of this Agreement [**]

(iii) [**] provide [**].

(iv) [**] under this Agreement.

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(v) [**] under this Agreement; or

(vi) [**] under ARTICLE 13.

(vii) [**], at or from [**] of this Agreement, and [**] of this Agreement. For the purpose of this subsection 18.2(b)(vii), [**].

(c) [**] under this Agreement shall [**].

(d) [**] in connection with this Agreement [**] this Agreement. In the event that [**] as set forth on [**] under this SECTION 18.2(d) [**] as set forth [**]

(e) [**] under this Agreement shall be considered [**] in accordance with this Agreement.

(f) [**]. notwithstanding anything to the contrary in this Agreement, [**] pursuant to this Agreement ([**] during the term [**].

19. DISPUTE RESOLUTION

19.1 INFORMAL DISPUTE RESOLUTION.

Prior to the initiation of formal dispute resolution procedures with respect to any dispute, other than as provided in SECTION 19.1(c) or SECTION 20.7, the Parties shall first attempt to resolve such dispute informally, as follows:

(a) INITIAL EFFORT. The Parties agree that they shall attempt in good faith to resolve all disputes (other than those described in SECTION 19.1(c) or SECTION 20.7) in accordance with Section 4.0 of Part 5 of SCHEDULE E (Statement of Work - Governance). In the event of a dispute that is not resolved or resolvable in accordance therewith, either Party may refer the dispute for resolution in accordance with SECTION 19.2 below upon written notice to the other Party.

(b) PROVISION OF INFORMATION. During the course of negotiations under SECTION 19.1(a) above, all reasonable requests made by one Party to another for non-privileged information, reasonably related to the dispute, will be honored in order that each of the Parties may be fully advised of the other's position. All negotiation shall be strictly confidential and used solely for the purposes of settlement. Any materials prepared by one Party for these proceedings shall not be used as evidence by the other Party in any subsequent arbitration or litigation; provided, however, the underlying facts supporting such materials may be subject to discovery.

(c) PREREQUISITE TO FORMAL PROCEEDINGS. Formal proceedings for the resolution of a dispute may not be commenced until the completion of the process for dispute resolution set forth in Section 4.0 of Part 5 of SCHEDULE E (Statement of Work-

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Governance). The time periods specified in Section 4.0 of Part 5 of SCHEDULE E (Statement of Work - Governance) shall not be construed to prevent a Party from instituting, and a Party is authorized to institute, formal proceedings earlier to (A) avoid the expiration of any applicable limitations period, (B) preserve a superior position with respect to other creditors, or (C) address a claim arising out of the infringement, misappropriation or other violation of a Party's intellectual property rights by the other Party or the breach of a Party's obligations under ARTICLE 13 or a dispute subject to SECTION 20.7.

19.2 ARBITRATION.

(a) Except for claims arising out of the breach of a Party's obligations under ARTICLE 13 or disputes subject to SECTION 20.7, any controversy or claim arising out of or relating to this Agreement, or any breach thereof, which cannot be resolved using the procedures set forth above in SECTION 19.1, shall be finally resolved under the Commercial Arbitration Rules of the American Arbitration Association then in effect.

(b) The Arbitration shall take place in [**], and shall apply the law of the [**]. The decision of the arbitrator shall be final and binding and judgment on the award may be entered in any court of competent jurisdiction. The arbitrators shall be instructed to state the reasons for their decisions in writing, including findings of fact and law. The arbitrators shall be bound by the warranties, limitations of liability and other provisions of this Agreement. Except with respect to the provisions of this Agreement that provide for injunctive relief rights, such arbitration shall be a precondition to any application by either Party to any court of competent jurisdiction.

(c) Within ten (10) days after delivery of written notice ("NOTICE OF DISPUTE") by one Party to the other in accordance with this Section, the Parties each shall use good faith efforts to mutually agree upon one (1) arbitrator. If the Parties are not able to agree upon one (1) arbitrator within such period of time, then the arbitrator will be chosen in accordance of the Commercial Arbitration Rules of the American Arbitration Association who has at no time ever represented or acted on behalf of either of the Parties, and is not otherwise affiliated with or interested in either of the Parties.

(d) All arbitrators selected pursuant to this Section shall be practicing attorneys with at least five (5) years experience in technology law applicable to the Services. Any such appointment shall be binding upon the Parties. The Parties shall use best efforts to set the arbitration within sixty (60) days after selection of the arbitrator or arbitrators, as applicable, but in no event shall the arbitration be set

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more than ninety (90) days after selection of the arbitrator or arbitrators, as applicable. Discovery as permitted by the Federal Rules of Civil Procedure then in effect will be allowed in connection with arbitration to the extent consistent with the purpose of the arbitration and as allowed by the arbitrator or arbitrators, as applicable. The decision or award of the arbitrator or the majority of the three arbitrators, as applicable, shall be rendered within fifteen (15) days after the conclusion of the hearing, shall be in writing, shall set forth the basis therefor, and shall be final, binding and nonappealable upon the Parties and may be enforced and executed upon in any court having jurisdiction over the Party against whom the enforcement of such decision or award is sought. Each Party shall bear its own arbitration costs and expenses and all other costs and expenses of the arbitration shall be divided equally between the Parties; provided, however, the arbitrator or arbitrators, as applicable, may modify the allocation of fees, costs and expenses in the award in those cases where fairness dictates other than such allocation between the Parties.

19.3 CONTINUED PERFORMANCE.

(a) GENERAL. Each Party agrees that it shall, unless otherwise directed by the other Party, continue performing its obligations under this Agreement while any dispute is being resolved; provided that this provision shall not operate or be construed as extending the term of this Agreement. [**].

(b) [**]. Amdocs acknowledges and agrees that [**]. Amdocs expressly acknowledges and agrees that, [**] under this Agreement, [**] SBC and Amdocs. Amdocs further agrees as follows:

(i) [**] any of the terms of this Agreement [**] under this Agreement [**] set forth in [**], Amdocs agrees that [**]

(ii) Amdocs shall not intentionally interrupt the Services or provide reduced levels of Service quality or support unless and until [**].

(iii) [**] because it is required to do so [**] Amdocs shall [**] the Services.

19.4 GOVERNING LAW.

This Agreement and performance under it shall be governed by and construed in accordance with the applicable laws of the [**], without giving effect to the principles thereof relating to conflicts of laws.

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20. TERMINATION.

20.1 TERMINATION FOR CAUSE.

(a) BY SBC. If Amdocs materially breaches this Agreement, and, following the escalation procedures set forth in SECTION 19.1, has not cured within sixty (60) days after notice from SBC, then SBC may immediately issue a Notice of Dispute, and following determination by the arbitrator pursuant to SECTION 19.2 [**] that Amdocs has committed, and not cured, Amdocs' material breach, by giving notice to Amdocs, immediately terminate this Agreement with respect to all of the Services, as of a date specified in the notice of termination. Amdocs shall be [**]. The Parties shall work together in good faith to complete arbitration as expeditiously as possible and shall, upon SBC's request, jointly instruct the arbitrator to issue a decision as soon as reasonably possible.

(b) BY AMDOCS. In the event that SBC fails to pay Amdocs undisputed Charges for [**] after the payment due date therefor and fails to cure such default within [**] of notice from Amdocs of the possibility of termination for failure to make such payment, Amdocs may, by notice to SBC, terminate this Agreement.

20.2 TERMINATION FOR CONVENIENCE.

(a) GENERAL. SBC may terminate this Agreement with respect to all of the Services for convenience and without cause at any time by giving Amdocs at least [**] prior notice designating the termination date. SBC may withdraw a notice of termination of this Agreement for convenience at any time up to [**] prior to the designated termination date in the notice (which termination date may be set in relation to the issuance of a decision of an arbitration conducted pursuant to SECTION 20.1(a)). Upon the effective date of such termination, SBC shall pay to Amdocs the Termination Charge applicable for termination for convenience calculated in accordance with [**] the Services; [**].

(b) [**]. Notwithstanding anything to the contrary in this agreement, [**] to provide the services; (iii) [**] provided by Amdocs [**].

20.3 TERMINATION [**].

In the event of [**] providing Services under this Agreement) [**]then at any time [**] this Agreement, [**] shall be effective; provided, however, that [**] as set forth [**] pursuant to this SECTION 20.3 [**] in connection with [**] pursuant to this SECTION 20.3. [**] and any and all other information [**] relating to the Services.

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20.4 TERMINATION [**].

In the event that, [**], at any time within [**] this Agreement [**] in accordance [**] in connection with [**] this basis.

20.5 INSOLVENCY.

(a) RIGHT TO TERMINATE. In the event that either Party (a) files for bankruptcy, (b) becomes or is declared insolvent, or is the subject of any proceedings related to its liquidation, insolvency or the appointment of a receiver or similar officer for it, (c) makes an assignment for the benefit of all or substantially all of its creditors, or (d) enters into an agreement for the composition, extension, or readjustment of substantially all of its obligations, then the other Party may terminate this Agreement as of a date specified in a termination notice; provided, however, that Amdocs will not have the right to exercise such termination under this Section so long as SBC pays for the Services to be received hereunder in advance on a month-to-month basis. If either Party elects to terminate this Agreement due to the insolvency of the other Party, such termination will be deemed to be a termination for cause hereunder.

(b) SECTION 365(n). Notwithstanding any other provision of this Agreement to the contrary, in the event that Amdocs becomes a debtor under the Bankruptcy Code and rejects this Agreement pursuant to Section 365 of the Bankruptcy Code (a "BANKRUPTCY REJECTION"), (i) any and all of the licensee and sublicensee rights of SBC arising under or otherwise set forth in this Agreement, including without limitation the rights of SBC referred to in SECTION 14.6, shall be deemed fully retained by and vested in SBC as protected intellectual property rights under Section 365(n)(1)(B) of the Bankruptcy Code and further shall be deemed to exist immediately before the commencement of the bankruptcy case in which Amdocs is the debtor; (ii) SBC shall have all of the rights afforded to non-debtor licensees and sublicensees under Section 365(n) of the Bankruptcy Code; and (iii) to the extent any rights of SBC under this Agreement which arise after the termination or expiration of this Agreement are determined by a bankruptcy court to not be "intellectual property rights" for purposes of Section 365(n), all of such rights shall remain vested in and fully retained by SBC after any Bankruptcy Rejection as though this Agreement were terminated or expired. SBC shall under no circumstances be required to terminate this Agreement after a Bankruptcy Rejection in order to enjoy or acquire any of its rights under this Agreement, including without limitation any of the rights of SBC referenced in Section.

(c) SBC RIGHTS UPON AMDOCS' BANKRUPTCY. In the event of Amdocs' bankruptcy or of the filing of any petition under the federal bankruptcy laws affecting the

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rights of Amdocs which is not stayed or dismissed within thirty (30) days of filing, in addition to the other rights and remedies set forth herein, to the maximum extent permitted by Law, SBC will have the immediate right to retain and take possession for safekeeping all SBC Data, SBC Proprietary Information, SBC licensed Third Party Software, SBC owned Equipment, SBC owned Materials, SBC owned Developed Materials, and all other Software, Equipment, Systems or Materials to which SBC is or would be entitled during the term of this Agreement or upon the expiration or termination of this Agreement. Amdocs shall cooperate fully with SBC and assist SBC in identifying and taking possession of the items listed in the preceding sentence. SBC will have the right to hold such SBC Data, Proprietary Information, Software, Equipment, Systems and Materials until such time as the trustee or receiver in bankruptcy or other appropriate court officer can provide adequate assurances and evidence to SBC that they will be protected from sale, release, inspection, publication, or inclusion in any publicly accessible record, document, material or filing. Amdocs and SBC agree that without this material provision, SBC would not have entered into this Agreement or provided any right to the possession or use of SBC Data, SBC Proprietary Information, or SBC Software covered by this Agreement.

(d) RIGHTS TO ASSUME IN BANKRUPTCY. In the event of commencement of bankruptcy proceedings by or against SBC or an Eligible Recipient, such Entity or its trustee in bankruptcy shall be entitled to assume the licenses granted to such Entity under or pursuant to this Agreement and shall be entitled to retain all of such Entity's rights thereunder.

20.6 [**].

[**] the Commencement Date, [**] the Services and this Agreement. [**] the Services and this Agreement: [**]. Notwithstanding the foregoing, with respect to Services [**] during the entire Initial Term shall [**] as set forth in this Section or elsewhere in this Agreement.

20.7 EQUITABLE REMEDIES.

Amdocs acknowledges that, in the event it breaches (or attempts or threatens to breach) its obligation to provide Termination Assistance Services as provided in SECTION 4.4, its obligation respecting continued performance in accordance with SECTION 19.3, or its obligation to provide access to computers or files containing SBC Data in accordance with SECTION 13.4, SBC will be irreparably harmed. In such a circumstance, SBC may proceed directly to court for purposes of obtaining equitable relief. If a court of competent jurisdiction should find that Amdocs has breached (or attempted or threatened to breach) any such obligations, Amdocs agrees that without any additional findings of irreparable injury or other conditions to injunctive relief, it shall not oppose the entry of

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an appropriate order compelling performance by Amdocs and restraining it from any further breaches (or attempted or threatened breaches).

20.8 SCHEDULE X SURVIVAL.

Except in the event of termination of this Agreement by SBC pursuant to SECTION 20.1(a) without payment of the applicable Termination Charge, all licenses and rights under SCHEDULE X shall survive any expiration or termination of this Agreement.

21. GENERAL.

21.1 BINDING NATURE AND ASSIGNMENT.

(a) BINDING NATURE. This Agreement will be binding on the Parties and their respective successors and permitted assigns.

(b) ASSIGNMENT. Neither Party may, or will have the power to, assign this Agreement without the prior written consent of the other, except in the following circumstances in respect of which the provisions of SECTION 9.5 shall apply if such assignment will result in New Services:

(i) Either Party may assign its rights and obligations under this Agreement, without the approval of the other Party, to an Affiliate which expressly assumes such Party's obligations and responsibilities hereunder and is not a direct competitor of the other Party; provided, that the assigning Party shall remain fully liable for and shall not be relieved from the full performance of all obligations under this Agreement. The Party assigning its rights or obligations to an Affiliate in accordance with this Agreement shall, within one (1) business day after such assignment, provide notice thereof to the other Party together with a copy any relevant provisions of [**].

(ii) [**] under this Agreement [**] the terms and conditions of this Agreement.

(c) IMPERMISSIBLE ASSIGNMENT. Any attempted assignment that does not comply with the terms of this Section shall be null and void.

21.2 ENTIRE AGREEMENT; AMENDMENT.

This Agreement, including any Schedules and EXHIBIT referred to herein and attached hereto, each of which is incorporated herein for all purposes, constitutes the entire agreement between the Parties with respect to the subject matter hereof. There are no agreements, representations, warranties, promises, covenants, commitments or undertakings other than those expressly set forth herein. This Agreement supersedes all

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prior agreements, representations, warranties, promises, covenants, commitments or undertaking, whether written or oral, with respect to the subject matter contained in this Agreement. No amendment, modification, change, waiver, or discharge hereof shall be valid unless in writing and signed by an authorized representative of the Party against which such amendment, modification, change, waiver, or discharge is sought to be enforced.

21.3 NOTICES.

(a) Any notice, notification, request, demand, or determination provided by a Party pursuant to SECTION 4.4 [Termination Assistance Services], SECTION 6.11 [Notices of Default], SECTION 7.7 [Notice of Default], SECTION 11.5 [Extraordinary Events and Changes], SECTION 13.3(d) [Loss of Proprietary Information], SECTION 17.5 [Indemnification Procedures], SECTION 18.1 [Force Majeure], SECTION 18.2(d) [Waiver of Liability Cap], SECTION 19.1 [Informal Dispute Resolution], ARTICLE 20 [Termination] and SECTION 21.1 [Binding Nature and Assignment] shall be in writing and shall be delivered in hard copy using one of the following methods: and shall be deemed delivered upon receipt: (i) by hand, (ii) by an express courier with a reliable system for tracking delivery, or (iii) by registered or certified mail, return receipt requested, postage prepaid. Unless otherwise agreed, the forgoing notices shall be delivered as follows:

In the case of SBC:

SBC Services, Inc.
Suite 4-W-10
1010 N. St. Mary's
San Antonio, TX 78215
Attention: Director Strategic Sourcing

With a copy to:

Room 4-G-90
175 E. Houston St.
San Antonio, TX 78205
Attention: Vice President - General Counsel

In the case of Amdocs:

Amdocs, Inc.
1390 Timberlake Manor Parkway

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Chesterfield, MO 63017
Attention: President

(b) All notices, notifications, requests, demands or determinations required or provided pursuant to this Agreement, other than those specified in SECTION 21.3(a), may be sent in hard copy in the manner specified in SECTION 21.3(a), or by e-mail transmission (where receipt is acknowledged by the recipient) or facsimile transmission (with acknowledgment of receipt from the recipient's facsimile machine) to the addresses set forth below:

In the case of SBC:

SBC Services, Inc.
Suite 4-W-10
1010 N. St. Mary's
San Antonio, TX 78215
Attention: Director Strategic Sourcing
(Fax Number 210/886-3709)

and

In the case of Amdocs:

Amdocs, Inc.
1390 Timberlake Manor Parkway
Chesterfield, MO 63017
Attention: President
(Fax Number 314/212-7557

(c) A Party may from time to time change its address or designee for notification purposes by giving the other prior notice of the new address or designee and the date upon which it shall become effective.

21.4 COUNTERPARTS.

This Agreement may be executed in several counterparts, all of which taken together shall constitute one single agreement between the Parties hereto.

21.5 HEADINGS.

The article and section headings and the table of contents used herein are for reference and convenience only and shall not be considered in the interpretation of this Agreement.

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21.6 RELATIONSHIP OF PARTIES.

Amdocs, in furnishing services to SBC hereunder, is acting as an independent contractor, and Amdocs has the sole obligation to supervise, manage, contract, direct, procure, perform or cause to be performed, all work to be performed by Amdocs under this Agreement. Amdocs is not an agent of SBC and has no right, power or authority, expressly or impliedly, to represent or bind SBC as to any matters, except as expressly authorized in this Agreement.

21.7 SEVERABILITY.

In the event that any provision of this Agreement conflicts with the law under which this Agreement is to be construed or if any such provision is held invalid or unenforceable by a court with jurisdiction over the Parties, such provision shall be deemed to be restated to reflect as nearly as possible the original intentions of the Parties in accordance with applicable law. The remaining provisions of this Agreement and the application of the challenged provision to persons or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby, and each such provision shall be valid and enforceable to the full extent permitted by law.

22. CONSENTS AND APPROVAL.

Except where expressly provided as being in the sole discretion of a Party, where agreement, approval, acceptance, consent, confirmation, notice or similar action by either Party is required under this Agreement, such action shall not be unreasonably delayed or withheld. An approval or consent given by a Party under this Agreement shall not relieve the other Party from responsibility for complying with the requirements of this Agreement, nor shall it be construed as a waiver of any rights under this Agreement, except as and to the extent otherwise expressly provided in such approval or consent.

22.1 WAIVER OF DEFAULT; CUMULATIVE REMEDIES.

(a) WAIVER OF DEFAULT. A delay or omission by either Party hereto to exercise any right or power under this Agreement shall not be construed to be a waiver thereof. A waiver by either of the Parties hereto of any of the covenants to be performed by the other or any breach thereof shall not be construed to be a waiver of any succeeding breach thereof or of any other covenant herein contained. All waivers must be in writing and signed by the Party waiving its rights.

(b) CUMULATIVE REMEDIES. All remedies provided for in this Agreement shall be cumulative and in addition to and not in lieu of any other remedies available to either Party at law, in equity or otherwise.

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22.2 SURVIVAL.

Any provision of this Agreement which contemplates performance or observance subsequent to any termination or expiration of this Agreement shall survive any termination or expiration of this Agreement and continue in full force and effect. Additionally, all provisions of this Agreement will survive the expiration or termination of this Agreement to the fullest extent necessary to give the Parties the full benefit of the bargain expressed herein.

22.3 PUBLICITY

Neither Party shall use the other Party's or its Affiliates' names or any language, pictures, trademarks, service marks or symbols which could, in a Party's judgment, imply such Party's or its Affiliates' identity or endorsement by such Party, its Affiliates or any of its employees in any (i) written, electronic or oral advertising or presentation or (ii) brochure, newsletter, book, electronic database or other written matter of whatever nature, without the Party's prior written consent (which hereafter shall be collectively referred to as "PUBLICITY MATTERS"). A Party will submit to the other Party for written approval, prior to publication, all Publicity Matters that mention or display a Party's or its Affiliates' names, trademarks or service marks, or that contain any symbols, pictures or language from which a connection to said names or marks may be inferred or implied.

22.4 THIRD PARTY BENEFICIARIES.

Except as expressly provided herein, this Agreement is entered into solely between, and may be enforced only by, SBC and Amdocs. This Agreement shall not be deemed to create any rights or causes of action in or on behalf of any third parties, including without limitation employees, suppliers and customers of a Party, or to create any obligations of a Party to any such third parties.

22.5 [**].

[**] under this Agreement [**].

22.6 ORDER OF PRECEDENCE.

In the event of a conflict, this Agreement shall take precedence over the Schedules attached hereto, and the Schedules shall take precedence over any attached EXHIBIT.

22.7 [**].

(a) [**]. [**] during the period [**] under this Agreement or [**] related to this Agreement and [**] related to this Agreement. This provision shall [**].

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22.8 [**]. [**] SHALL BE [**] THIS SECTION 21.15, [**]FURTHER ASSURANCES.

Each Party covenants and agrees that, subsequent to the execution and delivery of this Agreement and without any additional consideration, each Party shall execute and deliver any further legal instruments and perform any acts that are or may become necessary to effectuate the purposes of this Agreement.

22.9 LIENS.

Amdocs will not file, or by its action or inaction permit, any mechanics or materialman's liens to be filed on or against property or realty of SBC or any Eligible Recipient. In the event that any such Liens arise as a result of Amdocs' action or inaction, Amdocs will obtain a bond to fully satisfy such liens or otherwise remove such liens at its sole cost and expense within ten (10) business days.

22.10 COVENANT OF GOOD FAITH.

Each Party agrees that, in its respective dealings with the other Party under or in connection with this Agreement, it shall act in good faith.

22.11 ACKNOWLEDGMENT.

The Parties each acknowledge that the terms and conditions of this Agreement have been the subject of active and complete negotiations, and that such terms and conditions should not be construed in favor of or against either Party by reason of the extent to which either Party or its professional advisors participated in the preparation of this Agreement.

[Signature Page Follows]

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives as of the Effective Date.

SBC SERVICES, INC.	AMDOCS, INC.
By: /s/ Edward L. Glotzbach	By: /s/ Thomas G. O'Brien
Name: Edward L. Glotzbach	Name: Thomas G. O'Brien
Title: Executive VP & CIO - SBC	Title: Secretary and Treasurer
Date: January 9, 2003	Date: January 9, 2003

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SCHEDULE A

SBC

MODERNIZATION

[To be provided]

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SCHEDULE B

Application Inventory and Groupings

[To be provided]

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SCHEDULE C

Key Amdocs Personnel and Critical Support Personnel

SBC will provide a list of the Key Amdocs Personnel and Critical Support Personnel during the Transition Period.

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SCHEDULE D

Amdocs Subcontractors

Amdocs is to provide list of subcontractors.

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SCHEDULE E

Statement of Work

[To be provided]

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SCHEDULE F

[To be provided]

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SCHEDULE G

SERVICE LEVELS

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1.0 GENERAL

This Schedule sets forth certain quantitative Critical Service Levels, Key Measurements and Critical Deliverables against which Amdocs' performance shall be measured. As of the Commencement Date, Amdocs will perform the Services at or above the performance levels described in this Schedule.

2.0 DEFINITIONS

Terms used herein with initial capital letters shall have the respective meanings set forth in the Agreement or its Schedules (including Attachment E to this Schedule G).

3.0 ATTACHMENTS *

The following Attachments are hereby incorporated by reference:

Attachment A: Service Level Matrix for Critical Service Levels and Key Measurements

Attachment B: Service Level Definitions

Attachment C: Critical Deliverables

Attachment D: Measurement Tools and Methodologies

Attachment E: SLA Terms and Glossary

Attachment F: Help Desk Problem Classification and Response Time

Attachment G: Customer Service Request Problem Classification and Response Time

Attachment H: System Type Classification

Attachment I: [intentionally omitted]

Attachment J: [intentionally omitted]

Attachment K: Project Process Deliverables

Attachment L: [intentionally omitted]

Attachment M: ADM Quality Measurements

Attachment N: Tier 1 & Tier 2 Online Schedule

Attachment O: Backup Jobs Schedule

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Attachment P: Print Output Production Schedule

Attachment Q: Standard SBCDO Backup Procedures Schedule

Attachment R: Lease Refresh Process

Attachment S: Conversion Quality Standards

Attachment T: Production Schedule for Batch Applications

Attachment U: Conversion Guidelines

Attachment V: Performance Action Committee

*Attachments to be provided upon request.

4.0 REPORTING

Unless otherwise specified in this Schedule, each Critical Service Level and Key Measurement shall be measured and reported on a monthly basis beginning on the Commencement Date. [**], Amdocs shall provide to SBC, [**].

Amdocs shall provide [**], and Amdocs shall provide [**] during the Term.

Amdocs will [**] for which Amdocs [**] to Amdocs [**] meet the Service Levels by:

1. Promptly [**];

2. Promptly [**];

3. Using [**] as soon as practicable;

4. Advising [**];

5. Providing [**]; and

6. Making [**].

5.0 SERVICE LEVEL [**]

In the event of a Service Level Failure in respect of Critical Service Levels, Amdocs shall [**]:

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[**] the information [**] in the event of a Service Level Failure of a Critical Service Level. For each Critical Service Level Failure, [**]For example, assume that Amdocs fails to meet the Minimum Service Level for a Critical Service Level; [**]. The Service Level [**] for such Service Level Failure would be [**]:

[**]

1. If more than one Service Level Failure occurs in a single Measurement Period, the [**] Expected Service Level Failure.

2. If a Minimum Service Level Failure [**] the applicable Service Level [**]. For clarity, the applicable Service Level [**]. Notwithstanding the definition of Minimum Service Level Failure, for purposes of the [**] of the Minimum Service Level [**].

3. In no event [**].

4. [**], Amdocs shall notify SBC in writing of any Service Level Failures [**] such Service Level Failures, which notice shall be [**]. The monthly reports shall also describe [**] the month.

6.0 [**] AMDOCS WILL BE [**], SUBJECT TO [**], SHALL BE [**] FOR THE MONTH FOLLOWING THE MONTH [**]. FOR EXAMPLE, THE AMOUNT [**], WITH RESPECT TO SERVICE LEVEL FAILURES [**] SHALL BE SET FORTH [**].[**]SINGLE INCIDENT/MULTIPLE FAILURES

7.0 IF A SINGLE INCIDENT RESULTS IN MULTIPLE MINIMUM SERVICE LEVEL FAILURES, THE SERVICE LEVEL FAILURE RELATED TO THE ROOT CAUSE OF THE PROBLEM WILL BE USED [**] THE ROOT CAUSE WILL FOLLOW THE USUAL ESCALATION PATHWAY; [**]. THE [**] IN THE ALLOCATION OF [**], OR OF SERVICE LEVEL [**]. THE PARTIES AGREE FURTHER THAT [**] SUCH MINIMUM SERVICE LEVEL FAILURES [**]EARN BACK

Amdocs shall have the right to [**]:

1. Within fifteen (15) days after the end of each Contract Year, Amdocs shall deliver a report to SBC that will include, with respect to each Critical Service Level for which there was a Service Level Failure during the preceding Contract Year, the following:

1.1 Statistics on Amdocs' monthly performance for each Measurement Period during the preceding Contract Year.

1.2 The Yearly Performance Average.

1.3 The total [**] Critical Service Level.

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2. If, during the preceding Contract Year, Amdocs achieved a Yearly Performance Average in a Critical Service Level that [**] during that preceding Contract Year, Amdocs will [**] for that Critical Service Level. [**] Service Level [**] for that Service Level; or [**].

3. [**] the monthly invoice reflecting charges for the first month of the Contract Year immediately following the Contract Year [**]. In the case where there will be [**] the end of the last month of the Term.

4. If the Critical Service Level was in effect for less than the entire Contract Year, the foregoing process shall be undertaken only with respect to the portion of the Contract Year during which the Critical Service Level was in effect. If the Agreement or any portion thereof is terminated prior to the end of the Term, the foregoing process shall be undertaken only with respect to the portion of the Contract Year during which the Agreement was in effect.

5. These [**] provisions shall only affect Amdocs' ability to [**] the applicable Agreement or any other SBC rights or remedies.

8.0 GRACE PERIOD

The following grace periods ("Grace Period(s)") will be defined in order to allow for Transition Period activities and for stabilization of the Modernized SBC Systems upon Acceptance of the Modernization Milestones. During the Grace Periods, Amdocs will be [**]. All other Critical Service Levels will be measured and reported; provided, however, [**]. The Grace Periods shall only apply with respect to the particular Service Levels [**]. By example, and for the avoidance of doubt, [**] related Service Levels.

1. Grace Periods: Services should be measured and reported [**].

2. Transition Grace Period: is defined as the [**] following the Agreement Commencement Date.

3. Modernization Grace Period: is defined as the [**] following Acceptance of the first Major Modernization Milestone implementation and the [**] following Acceptance of the [**] Modernization Milestone (provided that the [**] Major Modernization Milestone shall have [**] Grace Period). For each of the Modernization Grace Periods associated with a conversion restricted to a single region or other unit of the business (e.g., state), the Grace Period [**] shall apply only to the affected region or unit; the Grace Period would not apply to results from, [**], other regions or units.

4. New Application Grace Period: In the case of the implementation and installation of new Application Software, Amdocs will be entitled to a Grace Period of [**] with respect to the particular Service Levels then associated with the SBC Application Software being replaced by the implementation of the new Application Software, unless a different Grace Period or no Grace

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Period is specified in the order for the new Application Software. Other Grace Periods, or no Grace Periods whatsoever, shall be negotiated with the SBC Governance Team.

9.0 ADDITIONS, DELETIONS, MODIFICATIONS AND NOTICE

New Performance Categories, Critical Service Levels, Service Level [**] and Key Measurements (but not the At Risk Amount) may be added, deleted or modified [**], as specified herein, subject to maintaining the Maximum Number of Measurements. For example, additions or substitutions may occur in conjunction with changes to the environment and the introduction of new Equipment or Software or means of Service delivery; provided, however, that where such Equipment or Software or means of Service delivery is a replacement or upgrade of existing technology, there shall be a presumption of equivalent or improved performance.

SBC will send written notice to Amdocs at least [**] prior to the effective date of the: additions, deletions or modification to Performance Categories; additions, deletions or modifications to Service Levels, which include the movement of Critical Service Levels to Key Measurements or Key Measurements to Critical Service Levels; or modifications to Service Level [**]. SBC may send only one such notice, [**]. Such notice shall include changes necessary to accommodate the addition of new Performance Categories.

10.0 ADDITIONS, MODIFICATIONS AND DELETIONS OF CRITICAL SERVICE LEVELS

SBC may add, modify or delete Critical Service Levels as follows:

1. Additions. Expected Service Levels and Minimum Service Levels associated with added Critical Service Levels will be computed as follows:

1.1 [**] Amdocs provided service measurements exist for a particular Service, [**]; the Expected Service Level shall then be [**]; and the Minimum Service Level shall be [**]; or

1.2 [**], the Parties shall [**] on an Expected Service Level and a Minimum Service Level using industry standard measures [**]; or

1.3 Where no measurements exist for a particular Service, and the Parties [**] Expected Service Level and a Minimum Service Level using industry standard measures as described above, the Parties shall do the following:

1.3.1 Amdocs shall [**] in accordance with the Change Control Procedures.

1.3.2 [**] as described below, SBC may at any time in writing request [**] the Expected Service Level and Minimum Service Level.

1.3.3 If Amdocs [**] shall be constructed according to the following: [**]. By way of example, [**], respectively.

1.4 Notwithstanding the foregoing, upon the introduction of a new Application, other than Modernization Services, by SBC, the Expected Service Level and Minimum Service Level for the Availability of such Applications should be as defined in the new Application Order. Following installation, Amdocs shall [**]. Amdocs shall be entitled to a New System Grace Period as defined in Section 8 above. At the end of [**], the Expected Service Level and Minimum Service Level shall be [**] in accordance with Section 15 - Continuous Improvement.

Subject to Article 7 of the Agreement, Critical Service Levels will be maintained with the implementation of the Modernization unless otherwise agreed by the Parties.

2. Modifications. SBC may modify the Service Level [**] for Critical Service Levels and may designate existing Critical Service Levels as Key Measurements and promote existing Key Measurements to Critical Service Levels. SBC may make changes to the Service Level [**] for any Critical Service Level within the Performance Category including changes necessary to accommodate the addition or deletion of Critical Service Levels or Key Measurements.

3. Deletions. SBC may delete Critical Service Levels.

4. Impact of Additions, Modifications and Deletions of Critical Service Levels on Service Level [**]. When adding, modifying or deleting a Critical Service Level, SBC [**]. If SBC adds a Critical Service Level [**] the Service Level [**].

11.0 ADDITIONS AND DELETIONS OF KEY MEASUREMENTS

SBC may add or delete Key Measurements as follows:

1. Additions. Expected Service Levels and Minimum Service Levels associated with added Key Measurements will be computed as follows:

1.1 [**] Amdocs provided service measurements exist for a particular Service, [**], the Expected Service Level shall then be [**] and the Minimum Service Level shall be [**]; or

1.2 [**], the Parties shall [**] on an Expected Service Level and a Minimum Service Level using industry standard measures [**]; or

1.3 Where no measurements exist for a particular Service, and the Parties [**] Expected Service Level and a Minimum Service Level using industry standard measures as described above, the Parties shall do the following:

1.3.1 Amdocs shall [**] in accordance with the Change Control Procedures.

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1.3.2 [**] as described below, SBC may at any time in writing request [**] the Expected Service Level and Minimum Service Level.

1.3.3 If Amdocs [**] shall be constructed according to the following: [**], respectively.

1.4 Notwithstanding the foregoing, upon the introduction of a new Application, other than Modernization Services, by SBC, the Expected Service Level and Minimum Service Level for the Availability of such Applications should be as defined in the new Application Order. Following installation, Amdocs shall [**]. At the end of [**], the Expected Service Level and Minimum Service Level shall be [**] in accordance with paragraph 1.1 of this Section 11.

1.5 Subject to Article 7 of the Agreement, Key Measurements will be maintained with the implementation of the Modernization unless otherwise agreed by the Parties.

1.6 Deletions. SBC may delete Key Measurements.

12.0 CRITICAL DELIVERABLES

Schedule G - Attachment C sets forth the [**] in the event the Amdocs [**] as specified in Schedule G -Attachment C. [**] shall not be included in the [**]. [**] [**] charges for the month following the month during which [**]. For example, the [**] shall be set forth in the invoice [**].

13.0 COMMENCEMENT OF OBLIGATIONS

The obligations set forth herein shall commence on the Commencement Date or as otherwise specified in Attachment A referencing the column "Com + mos**". The numbers used in the column "Com + mos**" are in the format where "X" represents the number of months after the Commencement Date when Amdocs will be responsible to provide measurement data in support of the Critical Service Levels. Amdocs will [**], after the applicable Grace Period.

14.0 COOPERATION

The achievement of Service Levels may require the coordinated, collaborative effort of Amdocs with third parties. Amdocs will provide a single point of contact for the prompt resolution of all Service Level Failures, regardless of whether the reason for such Service Level Failures was caused by Amdocs.

15.0 CONTINUOUS IMPROVEMENT

Critical Service Levels and Key Measurements will be modified at the end of each Contract Year during the Term as follows.

1. Each Expected Service Level will be reset to [**], subject to the limitation set forth in paragraph 2 of this Section 15.

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2. In no event shall [**]Level pursuant to paragraph 1 of this Section 15 [**].

3. Each Minimum Service Level will be [**] the then-current Minimum Service Level. For example, if the Minimum Service Level [**]. In no event will the Minimum Service Level exceed the Expected Service Level.

4. At the end of each Contract Year, the Parties will review the Critical Service Levels to identify any service [**]. In the event the Parties so agree, for such service [**] would be maintained.

5. Continuous Improvement shall apply [**]. Amdocs will maintain [**].

16.0 IMPROVEMENT PLAN FOR KEY MEASUREMENTS

[**], Amdocs shall provide SBC with [**] the Expected Service Level or the Minimum Service Level for the Key Measurement, [**]. The Parties shall [**]. Amdocs shall [**]. A Key Measurement that is [**] a Critical Service Level will [**] (without regard to the timing restraints of Section 9.0).

17.0 MEASURING TOOLS

As of the Commencement Date, Amdocs will [**] the Critical Service Levels and Key Measurements designated. [**] prior to the commencement date [**].

If, after the Commencement Date [**], Amdocs desires to [**], Amdocs shall provide written notice to SBC, in which event the Parties will [**] as necessary [**]; provided, however, if the Parties [**], Amdocs will [**] by the Parties. It is not anticipated that [**] Service Levels; rather, the [**].

18.0 TIMES

Unless otherwise set forth herein, all references in this Schedule to times shall refer to local times of applicable location.

19.0 EXCEPTIONS

Without derogating from the provisions of Section 10.2 of the Agreement, Amdocs shall not be responsible for a failure to meet any Service Level to the extent that such failure is directly attributable to any of the following:

1. [**], for which [**]in advance that [**] such Service Level[**];

2. Circumstances that excuse performance in connection with a Force Majeure Event as specified in Section 18.1 of the Agreement;

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3. Execution of the Business Continuity Plan in support of a SBC declared disaster.

Any other case which may require an exception or escalation will be handled using the escalation procedures defined in Schedule E - Part 5.

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SCHEDULE H

TRANSITION PLAN

[To be provided]

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SCHEDULE I

EXCLUDED SERVICES

[To be provided]

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SCHEDULE J - CHARGES
SERVICE CHARGES

SERVICES CHARGES

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	IN $K TOTAL
OPERATIONAL FEES	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
TOTAL PASS THROUGH	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
MODERNIZATION								
LICENCE CHARGES	[**]	[**]						
SERVICES	[**]	[**]						
TOTAL MODERNIZATION	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
TOTAL DISCOUNTED FEES	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
ANNUAL INVOICE FEES	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]

MONTHLY BASE CHARGE	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
MONTHLY AMOUNT IN	[**]	[**]	[**]	[**]	[**]	[**]	[**]

PASS THROUGH EXPENSES	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	TOTAL
	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
TOTAL PASS THROUGH	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]

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LABOR RATES

HOURLY RATES AND RELATED TRAVEL AND LIVING EXPENSES FOR SERVICES NOT INCLUDED IN THE MONTHLY BASE CHARGE SHALL BE CALCULATED USING THE RATE SCHEDULE IN THE THEN-CURRENT MASTER AGREEMENT BETWEEN SBC AND AMDOCS; PROVIDED, HOWEVER, THAT UPON EXECUTION OF THE

[**] Amdocs Personnel [**].

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DISCOUNTS

DISCOUNTS FROM AMDOCS ORIGINAL PROPOSAL FOR THE 7 YEAR AGREEMENT

Overall 7 year discount for operational fees	$	[**]
Modernization License	$	[**]
Maintenance and Ongoing product updates	$	[**]

[**]

[**]

We look forward to serving the business needs of SBC and to the continued mutual success of our companies.

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TERMINATION FOR CAUSE

TERMINATION FOR CAUSE CHARGES

In the event the Agreement is terminated for cause by SBC following Acceptance of the Final Modernization Milestone (as defined in the Modernization Plan), SBC shall pay Vendor on the effective date of termination the license fees and development charges

CHARGES IN $ 000	YEAR 1	YEAR 2	YEAR 3	START OF YEAR 4	YEAR 5	YEAR 6	YEAR 7
Total termination charges for cause	$[**]	$[**]	$[**]	$[**]	$[**]	$[**]	$[**]

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TERMINATION FOR CONVENIENCE

TERMINATION FOR CONVENIENCE CHARGES

In the event the Agreement is terminated for cause by SBC following Acceptance of the Final Modernization Milestone (as defined in the Modernization Plan), SBC shall pay Vendor on the effective date of termination the license fees and development charges

CHARGES IN $ 000	YEAR 1	YEAR 2	START OF YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
Total termination charges	$[**]	$[**]	$[**]	$[**]	$[**]	$[**]	$[**]

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ACQUIRED ASSETS [BASED ON CURRENT INFORMATION - TO BE VERIFIED DURING TRANSITION]

Region	Code	City, State	Address	City	State,Zip	Book Value Assets in Ks
Gr Lakes	CHGO-A	CHICAGO, IL	200 EAST RANDOLPH STREET	CHICAGO	IL 60601	[**]
Gr Lakes	CLMB-A	COLUMBUS, OH	2550 CORPORATE EXCHANGE DR	COLUMBUS	OH43231	[**]
Gr Lakes	EVNL-B	EVANSVILLE, IN	6219 VOGEL	EVANSVILLE	IN 47715	[**]
Gr Lakes	TROY-A	TROY, MI	100 E BIG BEAVER RD	TROY	MI 48083	[**]
Gr Lakes	TROY-B	TROY, MI	1200 KIRTS BLVD	TROY	MI 48084	[**]
Gr Lakes	TROY-C	TROY, MI	1775 CROOKS RD	TROY	MI 48084	[**]
Gr Lakes	UNTN-A	UNIONTOWN, OH	1530 CORPORATE WOODS PKWY	UNIONTOWN	OH44685	[**]
Gr Lakes	VLVW-B	VALLEY VIEW, OH	9445 ROCKSIDE RD	VALLEY VIEW	OH44125	[**]
Gr Lakes	VLVW-A	VALLEY VIEW, OH	9885 ROCKSIDE AVE	VALLEY VIEW	OH44125	[**]
Midwest	AMRL-A	AMARILLO, TX	2500 S COULTER	AMARILLO	TX 79106	[**]
Midwest	ASTN-A	AUSTIN, TX	6300 BRIDGEPOINT PKWY	AUSTIN	TX 78730	[**]
Midwest	BEMT-A	BEAUMONT, TX	2615 CALDER	BEAUMONT	TX 77702	[**]
Midwest	CCHR-A	CORPUS CHRISTI, TX	5350 S STAPLES	CORPUS CHRISTI	TX 78411	[**]
Midwest	DALS-A	DALLAS, TX	1341 W MOCKINGBIRD TOWERS	DALLAS	TX 75247	[**]
Midwest	DALS-G	DALLAS, TX	1430 EMPIRE CENTRAL	DALLAS	TX 75247	[**]
Midwest	DALS-S	DALLAS, TX	11830 webb chapel Ste 200	DALLAS		[**]
Midwest	ELPS-A	EL PASO, TX	4487 N MESA STREET	EL PASO	TX 79902	[**]
Midwest	FAYA-A	FAYETTEVILLE, AR	4031 N REMINGTON DRIVE	FAYETTEVILLE	AR72703	[**]
Midwest	FTWR-A	FORT WORTH, TX	6707 BRENTWOOD STAIR ROAD	FORT WORTH	TX 76112	[**]
Midwest	GLFD-A	GUILFORD, CT	246 GOOSE LANE	GUILFORD	CT 06437	[**]
Midwest	HSTN-B	HOUSTON, TX	10700 N FREEWAY	HOUSTON	TX 77008	[**]
Midwest	HSTN-D	HOUSTON, TX	11200 WESTHEIMER	HOUSTON	TX 77042	[**]
Midwest	HSTN-A	HOUSTON, TX	2525 NORTH LOOP WEST	HOUSTON	TX 77008	[**]
Midwest	HSTN-C	HOUSTON, TX	11550 Fuqua	HOUSTON		[**]
Midwest	LTRK-A	LITTLE ROCK, AR	10810 EXECUTIVE CENTER DR	LITTLE ROCK	AR72211	[**]
Midwest	LBCK-A	LUBBOCK, TX	7008 INDIANA AVE	LUBBOCK	TX79413	[**]
Midwest	MDLD-A	MIDLAND, TX	6 DESTA DR	MIDLAND	TX79705	[**]
Midwest	NHVN-A	NEW HAVEN, CT	545 LONG WHARF DR	NEW HAVEN	CT06511	[**]
Midwest	OKCT-A	OKLAHOMA CITY, OK	205 NW 63RD ST	OKLAHOMA CITY	OK73116	[**]
Midwest	OVPK-B	OVERLAND PARK, KS	8900 INDIAN CREEK PARKWAY	OVERLAND PARK	KS66210	[**]
Midwest	PHNX-A	PHOENIX, AZ	11225 N 28TH DRIVE	PHOENIX	AZ85029	[**]
Midwest	RICH-A	RICHARDSON, TX	1221 ABRAMS	RICHARDSON	TX75081	[**]
Midwest	SANT-B	SAN ANTONIO, TX	13750 US HWY 281 NORTH	SAN ANTONIO	TX78232	[**]
Midwest	SLTN-A	SHELTON, CT	4 RESEARCH DRIVE	SHELTON	CT06484	[**]
Midwest	SGFD- A	SPRINGFIELD, MO	1111 SOUTH GLENSTONE	SPRINGFIELD	MO65804	[**]
Midwest	STLS-B	ST LOUIS, MO	13075 MANCHESTER ROAD	ST LOUIS	MO63131	[**]
Midwest	STLS-F	ST LOUIS, MO	801 CHESTNUT ST	ST LOUIS	MO63134	[**]
Midwest	STLS-G	ST LOUIS, MO	909 CHESTNUT ST - One Bell Center	ST LOUIS	MO63101	[**]
Midwest	TLSA-B	TULSA, OK	10159 EAST 11TH STREET	TULSA	OK74128	[**]
Midwest	TYLR-A	TYLER, TX	3800 PALUXY DRIVE	TYLER	TX75703	[**]
Midwest	WFLD-A	WEATHERSFIELD, CT	100 GREAT MEADOW PARK	WEATHERSFIELD	CT06109	[**]

Midwest	WCHT-A	WICHITA, KS	2024 N WOODLAWN	WICHITA	KS67208	[**]
West	CA628	ANAHEIM, CA	2170 TOWNE CENTER PLACE	ANAHEIM	CA92806	[**]
West	DGA	ANAHEIM, CA	5460 E LA PALMA AVE	ANAHEIM	CA92807	[**]

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Region	Code	City, State	Address	City	State,Zip	Book Value Assets in Ks
West	TCP08	FAIRFIELD, CA	2525 NORTH WATNEY WAY	FAIRFIELD	CA94533	[**]
West	SB601	FRESNO, CA	170 W SHAW AVE	FRESNO	CA93704	[**]
West	UC600	GOLD RIVER, CA	11249 GOLD COUNTRY BLVD	GOLD RIVER	CA95670	[**]
West	IRVN- A	Irvine, CA	2681 Kelvin Ave.	IRVINE	CA	[**]
West	G2611	LOS ANGELES, CA	3470 WILSHIRE BLVD	LOS ANGELES	CA90010	[**]
West	Q10A2	OAKLAND, CA	2101 WEBSTER ST	OAKLAND	CA94612	[**]
West	K1600	PASADENA, CA	199 S LOS ROBLES AVE	PASADENA	CA91101	[**]
West	PASD-A	PASADENA, CA	7 N FAIR OAKS	PASADENA	CA91103	[**]
West	TD600	PETALUMA, CA	1031 A NORTH MCDOWELL BLVD	PETALUMA	CA94954	[**]
West	PE603	PLEASANTON, CA	6621 OWENS DRIVE	PLEASANTON	CA94588	[**]
West	LB600	RIVERSIDE, CA	1650 SPRUCE STREET	RIVERSIDE	CA92507	[**]
West	M3646	SAN DIEGO, CA	2375 NORTHSIDE DRIVE	SAN DIEGO	CA92108	[**]
West	R1781	SAN FRANCISCO, CA	101 SPEAR STREET	SAN FRANCISCO	CA94105	[**]
West	R1011	SAN FRANCISCO, CA	666 FOLSOM ST	SAN FRANCISCO	CA94107	[**]
West	N1602	SAN JOSE, CA	100 PARK CENTER PLAZA	SAN JOSE	CA95113	[**]
West	B1610	WOODLAND HILLS, CA	20951 BURBANK BLVD	WOODLAND HILLS	CA91367	[**]

TOTAL PRICE - TO BE VERIFIED DURING TRANSITION PERIOD $[**]

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FACILITY CHARGES

TOTAL FACILITY CHARGES PER YEAR

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	TOTAL
Annual Charges	$[**]	$[**]	$[**]	$[**]	$[**]	$[**]	$[**]	$[**]

FACILITY CHARGES PER SITE PER MONTH

Region	Code	City, State	Address	City	State,Zip	[**]	[**]	Total Cost
Gr Lakes		BRECKSVILLE OH	6889 SNOWVILLE RD	BRECKSVILLE	OH 44141	[**]	[**]	[**]
Gr Lakes	CHGO-A	CHICAGO, IL	200 E RANDOLPH ST	CHICAGO	IL60601	[**]	[**]	[**]
Gr Lakes	CHGO-B	CHICAGO, IL	225 W RANDOLPH	CHICAGO	IL60606	[**]	[**]	[**]
Gr Lakes	MDSN-B	MADISON, WI	6325 ODANA RD	MADISON	WI 53719	[**]	[**]	[**]
Gr Lakes	TRVS-A	TRAVERSE CITY MI	745 S GARFIELD RD	TRAVERSE CITY	MI49686	[**]	[**]	[**]
Gr Lakes	TROY-A	TROY, MI	100 E BIG BEAVER RD	TROY	MI 48083	[**]	[**]	[**]
Gr Lakes	TROY-B	TROY, MI	1200 KIRTS BLVD	TROY	MI 48084	[**]	[**]	[**]
Gr Lakes	TROY-C	TROY, MI	1775 CROOKS RD	TROY	MI48084	[**]	[**]	[**]
Gr Lakes	VLVW-B	VALLEY VIEW OH	9445 ROCKSIDE RD	VALLEY VIEW	OH44125	[**]	[**]	[**]
Gr Lakes		WAUKESHA, WI	2140 DAVIDSON RD/ N15 W24250 RIVERWOOD DR	WAUKESHA	WI 53186	[**]	[**]	[**]
Midwest	DALS-G	DALLAS, TX	1430 EMPIRE CENTRAL	DALLAS	TX 75247	[**]	[**]	[**]
Midwest	HSTN-A	HOUSTON, TX	2525 NORTH LOOP WEST	HOUSTON	TX 77008	[**]	[**]	[**]
Midwest	NHVN-A	NEW HAVEN, CT	545 LONG WHARF DR	NEW HAVEN	CT 06511	[**]	[**]	[**]
Midwest	SANT-B	SAN ANTONIO TX	13750 US HWY 281 NO	SAN ANTONIO	TX 78232	[**]	[**]	[**]
		ST LOUIS, MO	1010 Pine ST	ST LOUIS	MO63101	[**]	[**]	[**]
Midwest	STLS-G	ST LOUIS, MO	909 CHESTNUT ST - One BELL CENTRE	ST LOUIS	MO63101	[**]	[**]	[**]
West	CA628	ANAHEIM, CA	2170 TOWNE CTR PL	ANAHEIM	CA92806	[**]	[**]	[**]
West	DGA	ANAHEIM, CA	5460 E LA PALMA AVE	ANAHEIM	CA92807	[**]	[**]	[**]
West	UC600	GOLD RIVER, CA	11249 GOLD CTRY BLVD	GOLD RIVER	CA95670	[**]	[**]	[**]
West	G2611	LOS ANGELES CA	3470 WILSHIRE BLVD	LOS ANGELES	CA90010	[**]	[**]	[**]
West	PASD-A	PASADENA, CA	7 N FAIR OAKS	PASADENA	CA91103	[**]	[**]	[**]
West	PE603	PLEASANTON CA	6621 OWENS DRIVE	PLEASANTON	CA94588	[**]	[**]	[**]
West	M3646	SAN DIEGO, CA	2375 NORTHSIDE DR	SAN DIEGO	CA92108	[**]	[**]	[**]
West	R1781	SAN FRANCISCO CA	101 SPEAR STREET	SAN FRANCISCO	CA94105	[**]	[**]	[**]
Canada		Edmonton		Canada			[**]	[**]
		TOTAL	[**]			[**]	[**]	[**]

[**]

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SCHEDULE K

BASE CASE

[To be provided]

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SCHEDULE L

Projects

[To be provided]

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SCHEDULE M

AFFECTED EMPLOYEES

[To be determined]

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SCHEDULE N

DIRECT AMDOCS COMPETITORS

A Direct Amdocs Competitor is any entity which develops, markets, sells, licenses or provides any services (including outsourcing) relating to CRM, Order Management, directory publishing, and/or billing software systems, including the following entities:

Note: those marked with an asterisk (*) are the competitors that as of the Commencement Day are deemed Direct Amdocs Competitors that sell directory publishing systems and products.

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SCHEDULE O

SBC FACILITIES
AMDOC FACILITIES

SBC PROVIDED EQUIPMENT
SBC SUPPLILED ITEMS, EQUIPMENT AND SPECIFICATIONS

[To be provided]

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SCHEDULE P

DIRECT SBC COMPETITORS

PUBLISHERS

PUBLISHER MEMBERS

(Publisher Members = those publishers who are members of the Yellow Pages Interactive Media Association)

[**]

PUBLISHER NON-MEMBERS

(Publisher Non-Members = those publishers who are NOT currently members of the Yellow Pages Interactive Media Association)

[**].

CMR

CMR MEMBERS

(CMR - Certified Marketing Representatives Members = CMR could be competitors to SBCDO via the sales channel and/or publishing channel. - not sure the level of competion needed for this schedule. A CMR may have interest in Directory Sales systems)

[**]

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SCHEDULE Q: SATISFACTION SURVEY

This document is designed to provide a high level description of the Satisfaction Surveys that have been identified in SLA documents related to ADM, End User Support, Business Process Procurement and Governance. In addition to specifics outlined here, the surveys must be developed and administered per specifications outlined within the individual SLA documents, subject to oversight by the Governance team.

Purpose of Survey

The four identified surveys will need to be designed and distributed in compliance with provisions outlined in this document, then administered to management and selected Users on a regularly scheduled basis for the purpose of evaluating vendor performance to key satisfaction indicators. The vendor will be responsible for outlining specific action plans (which will be presented to and approved by the Governance team) designed to address issues identified via survey results.

Survey Objectives

As part of the survey development process, the Governance team will provide information on the specific services that need to be evaluated (related to key drivers of satisfaction); target groups that can provide the most meaningful insight into reasons behind potential dissatisfaction; and will use initial results to set baselines and parameters to indicate the desired amount of ongoing improvement contingent on all survey scales having a 1-7 rating, with an expected weighted evaluation rating of 6.

The surveys will need to be designed with interchangeable evaluation criteria components that can be used (as appropriate) across all 4 surveys. The following table indicates components and applicability:

CRITERIA COMPONENTS	ADM	END USER	PROCUREMENT	GOVERNANCE
Culture / Work Environment				-
Impact of New Implementations	-	-		-
Impact on Respondent's Work	-	-	-	-
Problem Solving Process	-	-		-
Professionalism	-	-	-	-
Project Management				-
Relationship Management			-	-
Support Availability	-	-	-	-
Support Expertise	-	-	-	-
Support for New Systems	-	-		-
Support Responsiveness	-	-	-	-
System Functionality	-	-	-	-
System Performance	-	-		-
System Quality	-	-	-	-

In addition, surveys will need to be repeated on a regularly scheduled basis to provide year-over-year result comparisons. On an ongoing basis, the Governance Team will be responsible for reviewing and approving Amdocs' improvement action plans (associated with survey results) as well as associated progress against those plans. In addition, it is expected that results will be shared with respondents, along with action plans related to improvement / issue resolution.

Structure and Logistics

This section provides guidelines on how the survey should be structured, administered and analyzed.

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- Each survey should contain at least one question to evaluate whether or not the prospective respondent is familiar with Amdocs and the services they provide. This will allow irrelevant and/or disinterested responses to be weeded out of the results

- Survey questions need to evaluate both efficiency and effectiveness of services provided

- Each survey should not take more than 10-15 minutes to complete

- Survey questions will need to be designed to cover four evaluation points for each service:

    - SCREENED (question to make sure the service is relevant to the respondent. Example: Is online availability important to you? Yes / No)

    - WEIGHTED (to provide input on how important / relevant the service is to them. Example: How important? 1-7 response)

    - RATED (the core effectiveness question. Example: How satisfied are you with online availability? 1-7 response)

    - JUSTIFIED (question that provides opportunity for feedback comments. Example: What improvement would increase your satisfaction? Open ended response / comment section)

- Each survey needs to contain a short list of items that each respondent can use to indicate the evaluation criteria categories that are important to their satisfaction.

    - For the four surveys covered by this document, the list of items should directly correlate to the evaluation criteria categories applicable to each specific survey

    - Each of those criteria would have associated questions in the survey and each criterion would also be listed in a section that asks the respondent to check all items that are relevant to him/her.

    - Data Analysis will take into consideration whether or not the respondent checked a particular criterion as being important to them.

- For each criteria area, respondents should be asked questions designed to rate their relative importance and satisfaction related to the category, as well as offer recommendations for improvement for each criteria category they respond to

- Demographics need to be included so data analysis can review responses for trends based on location, organization, etc

- Prior to administering the pending survey and associated administration process will need to be well communicated to the client community

- Random sample size will need to be targeted to provide a 99% confidence level

- Resulting data must be validated and normalized

- Result analysis will need to reflect overall satisfaction issues ranked by priority and evaluated for diverging needs.

- The composite score of each response will need to be a combination of importance and satisfaction the client reflected across each criteria point.

Target Groups

The ADM, End User Support, and Business Process Procurement surveys will be taken by randomly selected members of the SBCDO client community for the purpose of providing focused, anonymous feedback to the vendor and the Governance team related to services received via Amdocs. The Governance survey will target responses from all the SBC members of the Governance team, as well as any applicable members of the SBC IT organization.

Action Plans

Amdocs will be responsible for generating action plan for targeted areas that the survey results indicate are in need of improvement. These plans must be explicit, actionable and have associated timelines. They will also need to be presented to the Governance team and obtain their sign-off prior to enactment

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SCHEDULE R

Reports

(To Be Finalized During Transition)

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Schedule S

SBC Standards

[To be provided]

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Schedule T

SUPPLIER DIVERSITY PLAN

Attached hereto and incorporated herein as Exhibit A is a template for Amdocs's proposed Participation Plan, outlining MBE/WBE/DVBE goals and specific and detailed plans to achieve those goals. Amdocs will submit an updated Participation Plan annually by the first week in January. Amdocs will submit MBE/WBE/DVBE Results Reports quarterly by the end of the first week following the close of each quarter, using the form attached hereto and incorporated herein as Exhibit B. Participation Plans and Results Reports will be submitted to the Prime Supplier Program Manager.

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MBE/WBE/DVBE PARTCIPATION PLAN

PRIME SUPPLIER MBE/WBE/DVBE PARTICIPATION PLAN

YEAR REPORTING:

PRIME SUPPLIER NAME: ____

ADDRESS: ____

____

COMPANY E-MAIL: ____

TELEPHONE NUMBER: ____

DESCRIBE GOODS OR SERVICES BEING PROVIDED UNDER THIS AGREEMENT:

DESCRIBE YOUR M/WBE-DVBE OR SUPPLIER DIVERSITY PROGRAM AND THE PERSONNEL DEDICATED TO THAT PROGRAM

THE FOLLOWING, TOGETHER WITH ANY ATTACHMENTS IS SUBMITTED AS AN MBE/WBE /DVBE PARTICIPATION PLAN.

1. GOALS

A. WHAT ARE YOUR MBE/WBE/DVBE PARTICIPATION GOALS?

MINORITY BUSINESS ENTERPRISES (MBEs)	#DIV/0!
WOMAN BUSINESS ENTERPRISES (WBEs)	#DIV/0!
DISABLED VETERAN BUSINESS ENTERPRISES (DVBEs)	#DIV/0!

B. WHAT IS THE ESTIMATED ANNUAL VALUE OF THIS CONTRACT WITH:

AMERITECH ____

NEVADA BELL ____

PACIFIC BELL ____

SOUTHERN NEW ENGLAND TELEPHONE ____

SOUTHWESTERN BELL ____

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AMERITECH DATA SERVICES (ADS) ____________________

SBC ADVANCED SOLUTIONS (ASI) ____________________

SBC LONG DISTANCE ____________________

SBC TELECOM (NATIONAL/LOCAL) ____________________

OTHER SBC AFFILIATE ____________________

NOTE: INDICATE DOLLAR AWARD(s) AS IT APPLIES TO THIS CONTRACT (I.e., PACIFIC BELL, SWBT, AND/OR AFFILIATE).

C. WHAT ARE THE DOLLAR AMOUNTS OF YOUR PROJECTED MBE/WBE/DVBE PURCHASES:

MINORITY BUSINESS ENTERPRISES (MBEs) ____________________

WOMAN BUSINESS ENTERPRISES (WBEs) ____________________

DISABLED VETERAN BUSINESS ENTERPRISES (DVBEs) ____________________

SEE MBE/WBE/DVBE CANCELLATION CLAUSE IN AGREEMENT FOR DEFINITIONS OF MBE, WBE, AND DVBE

2. LIST THE PRINCIPAL GOODS AND SERVICES TO BE SUBCONTRACTED TO MBE/WBE/ DVBEs OR DELIVERED THROUGH MBE/WBE/DVBE VALUE ADDED RESELLERS

DETAILED PLAN FOR USE OF M/WBEs-DVBEs AS SUBCONTRACTORS, DISTRIBUTORS, VALUE ADDED RESELLERS

For every product and service you intend to use, provide the following information. (attach additional sheets if necessary)

COMPANY NAME	CLASSIFICATION (MBE/WBE/DVBE)	PRODUCTS/SERVICES TO BE PROVIDED	$ VALUE	DATE TO BEGIN

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COMPANY NAME	CLASSIFICATION (MBE/WBE/DVBE)	PRODUCTS/SERVICES TO BE PROVIDED	$ VALUE	DATE TO BEGIN

3. SELLER AGREES THAT IT WILL MAINTAIN ALL NECESSARY DOCUMENTS AND RECORDS TO SUPPORT ITS EFFORTS TO ACHIEVE ITS MBE/WBE/DVBE PARTICIPATION GOAL (S). SELLER ALSO ACKNOWLEDGES THE FACT THAT IT IS RESPONSIBLE FOR IDENTIFYING, SOLICITING AND QUALIFYING MBE/WBE/DVBE SUBCONTRACTORS, DISTRIBUTORS AND VALUE ADDED RESELLERS.

4. THE FOLLOWING INDIVIDUAL, ACTING IN THE CAPACITY OF MBE/WBE/DVBE COORDINATOR FOR SELLER, WILL:

ADMINISTER THE MBE/WBE/DVBE PARTICIPATION PLAN,

SUBMIT SUMMARY REPORTS, AND

COOPERATE IN ANY STUDIES OR SURVEYS AS MAY BE REQUIRED IN ORDER TO DETERMINE THE EXTENT OF COMPLIANCE BY THE SELLER WITH THE PARTICIPATION PLAN.

NAME: ____

TITLE: ____

TELEPHONE NUMBER: ____

AUTHORIZED SIGNATURE: ____

DATE: ____

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MWBE-DVBE QUARTERLY RESULTS REPORT

M/WBE-DVBE QUARTERLY RESULTS REPORT

FOR THE FOLLOWING SBC AFFILIATE:

NOTE: Subcontracting Results should reflect ONLY M/WBE-DVBE dollars directly traceable to sales DURING THE REPORT QUARTER.

Results must be reported individually for each SBC subsidiary.

THIS SUMMARY REPORT SHOULD BE E-MAILED TO: SBCSD@msg.pacbell.com

Authorized signed copy should be mailed to: PRIME SUPPLIER PROGRAM MANAGER
2600 CAMINO RAMON, ROOM 1E050
SAN RAMON, CA 94583 FAX # (925)867-4414

NOTE: Questions and/or requests for assistance may be referred to the Prime Supplier Program Manager at SBCSD@msg.pacbell.com

1. REPORTING COMPANY:

Company Name: ____________________

Address: ____________________

City, State, Zip: ____________________

Contact Name: ____________________

Title: ____________________

E-mail: ____________________

Date: ____________________

Telephone: ____________________

2. CONTRACT/WORK ORDER NUMBER:

(If available)

3. REPORT QUARTER:

This report reflects the utilization of Minority Business Enterprise/Woman Business Enterprise/ Disabled Veterans participation for period

through

(Please indicate dates)

SIGNATURE:

PARTICIPATION GOAL

PARTICIPATION ACHIEVEMENT

4.

	ANNUAL GOAL		
Percent of Total	MBE	WBE	DVBE
Sales	[**]%	[**]%	[**]%

5.

	ACTUAL FOR QUARTER		
	MBE	WBE	DVBE
Subcontracting Dollars			
Total Sales to SBC			
Percent of Subcontracted Sales			

SBC - SUBCONTRACTING RESULTS

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6. M/WBE-DVBE SUBCONTRACTOR(S)

Name: ________________________

Address: ________________________

City, State, Zip: ________________________

Telephone: ________________________

Goods or Services: ________________________

Ethnic/Gender:

Total Dollars: ________________________

CERTIFYING AGENCY: ------------------------

To add additional subcontractors, copy the entire light gray area and paste directly below this line.

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SCHEDULE U

Amdocs Proposal

[To be provided]

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Schedule V

Reserved

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Schedule W

Reserved

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SCHEDULE X

SOFTWARE LICENSE, MAINTENANCE SERVICES AND ONGOING SUPPORT SERVICES

This Schedule hereby incorporates by reference the terms of the Agreement. The terms of the Agreement shall apply to the terms of this Schedule. Capitalized terms used in this Schedule and not defined herein have the meanings, if any, ascribed to such terms in the Agreement. The Parties acknowledge that the terms of this Schedule are designed to reflect the unique relationship of the Parties following the termination or expiration of the Agreement. Therefore, these terms, including, without limitation, pricing terms, shall not apply to any other relationships or agreements to be established between the Parties.

1. DEFINITIONS

1.1 "AUTHORIZED END USERS" means employees, customers, suppliers, vendors, auditors, benefits providers, contractors, agents and other business partners of SBC and/or the Eligible Recipients.

1.2 "CONTRACTOR" means any person or entity, including outsourcers, consultants, disaster recovery services providers, hosting services providers and other third parties, providing technical services or advice to SBC, Eligible Recipients or Authorized End Users.

1.3 "CUSTOMERS" has the meaning ascribed to such term in SECTION 6.1(A) of this Schedule.

1.4 "CUSTOMIZATION MAINTENANCE SERVICES" has the meaning ascribed to such term in SECTION 4(B)(II) of this Schedule.

1.5 "DOCUMENTATION" means the files and records, process flow documents, software manufacturing instructions and scripts, test specifications and test scripts and similar Materials pertaining to the Amdocs Software Package together with all Enhancements and Improvements thereof, to be developed, provided and made available to SBC by Amdocs pursuant to the Agreement or this Schedule.

1.6 "GENERIC AMDOCS SOFTWARE PACKAGE" means all components of the Amdocs Software Package (including all third party software embedded or incorporated therein by Amdocs, but excluding Developed Materials owned by SBC).

1.7 "IMPROVEMENTS" means correction of errors found in modules of the Generic Amdocs Software Package, as well as the provision of improvements, additions,

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corrections, updates, revisions, new versions, enhancements, modifications and new releases with respect to the Generic Amdocs Software Package, as well as all associated Documentation and training materials. Improvements do not include major new features that are not generally or routinely provided as part of Generic Amdocs Software Package maintenance services or that are generally made available to licensees of the Generic Amdocs Software Package as separately priced components.

1.8 "MAINTENANCE FEES" means the amounts set forth in SECTION 6 of this Schedule.

1.9 "ONGOING SUPPORT SERVICES" means the services described and defined in SECTION 4.2(B).

1.10 "MAINTENANCE SERVICES" means the Services described and defined in SECTION 4.1 and ANNEX A of this Schedule.

1.11 "SUBSEQUENT LICENSE FEES" has the meaning ascribed to such term in SECTION 6.1(A) of this Schedule.

2. LICENSE GRANT.

2.1 GRANT OF LICENSE. Subject to payment under the Agreement of the Charges, and any Termination Charges and Subsequent License Fees, and unless the license granted hereunder for the Amdocs Software Package is otherwise terminated pursuant to the terms of the Agreement, Amdocs shall and hereby does grant to SBC and each Eligible Recipient a non-exclusive, perpetual, non-transferable (except as otherwise provided in the Agreement), worldwide right and license (i) to install, integrate other Software, use, operate, execute, copy for archive purposes, create derivative works of, modify and enhance the Generic Amdocs Software Package ([**] in single or multiple data centers owned and operated by or on behalf of SBC, and (ii) in connection therewith, to use, copy, and modify the Documentation, in each case in connection with SBC's and the Eligible Recipients' directory services business and/or operations. SBC shall not use the Generic Amdocs Software Package on a service bureau basis for and on behalf of non-Eligible Recipients.

2.2 GRANT OF LICENSE TO AUTHORIZED END USERS. Subject to the provisions of the Agreement and SECTION 2.7 of this Schedule, Amdocs shall and hereby does grant to the Authorized End Users a non-exclusive, perpetual, non-transferable right and license (i) to access and use the Generic Amdocs Software Package (including through a browser-based or other similar or successor interface) to

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transact business operations and exchange data with SBC and Eligible Recipients, and (ii) to use the Documentation solely in connection with such access and use of the Amdocs Software Package.

2.3 USE. With respect to the processing of data, SBC shall use the Generic Amdocs Software Package and Documentation solely to process the data of SBC and the Eligible Recipients, as well as the data of Authorized End Users, in each case concerning or relating to the directory services business and/or operations of SBC and the Eligible Recipients. Notwithstanding the foregoing, SBC may use the Generic Amdocs Software Package to provide transitional, migration and/or conversion services to divested subsidiaries, affiliates, divisions, departments, business units or product groups of Eligible Recipients, to facilitate their continuous operation while separating from SBC's or Eligible Recipients' systems, [**], such use not to extend for more than [**] from the date of such divestment.

2.4 CONTRACTORS. Subject to the provisions of the Agreement and SECTION 2.7 of this Schedule, the rights and license grants under this SECTION 2 may, at SBC's discretion, [**], provided that such use is solely on behalf, and for the benefit, of SBC, Eligible Recipients, and Authorized End Users.

3. REMOTE ACCESS; DISASTER RECOVERY. THE RIGHTS AND LICENSE GRANTS UNDER THIS ARTICLE 2 MAY BE EXERCISED BY REMOTE ACCESS OVER TELECOMMUNICATIONS NETWORKS OR BY DIRECT CONNECTION AND SHALL INCLUDE, AND AT NO ADDITIONAL CHARGE, USE FOR DISASTER RECOVERY, TESTING, BACKUP, DEVELOPMENT AND ARCHIVAL PURPOSES.[**]SOURCE CODE. SUBJECT TO SECTION 14.2(B) OF THE AGREEMENT, UPON ACCEPTANCE BY SBC OF THE AMDOCS SOFTWARE PACKAGE, AND UPON DELIVERY OF ANY ENHANCEMENTS AND IMPROVEMENTS THERETO, AMDOCS SHALL PROVIDE SBC, VIA ELECTRONIC MEDIA, [**] DOCUMENTATION FOR THE AMDOCS SOFTWARE PACKAGE AND ALL AMDOCS OWNED MATERIALS THAT ARE INCLUDED OR EMBEDDED IN THE DEVELOPED MATERIALS. [**] DOCUMENTATION SHALL BE [**] THE AMDOCS SOFTWARE PACKAGE. AMDOCS WILL PROVIDE COMPILATION INSTRUCTIONS TO SBC FOR THE AMDOCS SOFTWARE PACKAGE AND DEVELOPED MATERIALS, INCLUDING DETAILED INSTRUCTIONS ON CREATION OF EXECUTABLES, OBJECTS AND LINKING OF SOFTWARE INCLUDED IN SUCH AMDOCS SOFTWARE PACKAGE AND THE DEVELOPED MATERIALS.[**]CONFIDENTIALITY. PRIOR TO AUTHORIZED END USERS EXERCISING THE LICENSE GRANTED IN SECTION 2.2 OF THIS

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SCHEDULE, (I) SUCH NON-SBC EMPLOYEE AUTHORIZED END USERS SHALL BE BOUND BY WRITTEN NONDISCLOSURE AGREEMENTS WITH SBC NO LESS PROTECTIVE OF AMDOCS RIGHTS THAN AS PROVIDED UNDER SECTION 13.3 OF THE AGREEMENT AND (II) AUTHORIZED END USERS THAT ARE DIRECT AMDOCS COMPETITORS SHALL ENTER INTO A NONDISCLOSURE AGREEMENT DIRECTLY WITH AMDOCS THAT IS MORE PROTECTIVE OF AMDOCS THAN THE NONDISCLOSURE AGREEMENT GENERALLY APPLICABLE TO OTHER RECIPIENTS OF AMDOCS' PROPRIETARY INFORMATION, AS PROVIDED UNDER SECTION 13.3(B)(II) OF THE AGREEMENT. ADDITIONALLY, ANY SBC CONTRACTOR'S EXERCISE OF THE LICENSE GRANTED IN SECTION 2.4 OF THIS SCHEDULE IS SUBJECT TO THE PROVISIONS OF SECTION 13.3(B)(II) OF THE AGREEMENT. [**]DELIVERY, TITLE, RISK OF LOSS.

3.1 DELIVERY. Amdocs shall deliver the Amdocs Software Package and the Documentation to SBC as part of the Amdocs Software Package and Documentation, respectively, under and in accordance with the provisions of the Agreement. In the event other Software or Material shall be provided to Eligible Recipients pursuant to an Order, Amdocs shall deliver such Software or Material in accordance with the terms of the respective Order. In all such cases, Amdocs shall provide such Software and Materials via electronic media, together with any and all passwords necessary to enable SBC and/or its Contractors to install, operate and support the Amdocs Software Package and Documentation and to otherwise use fully and completely all features and functions of the Amdocs Software Package and Documentation.

3.2 TITLE TO MEDIA. Title to the physical media for the Amdocs Software Package and Documentation shall vest in SBC. Amdocs will provide another copy of the Amdocs Software Package or Documentation if the Amdocs Software Package or Documentation is lost or damaged while in transit to SBC, or SBC loses or damages the Amdocs Software Package or Documentation.

4. MAINTENANCE AND ONGOING SUPPORT SERVICES.

4.1 MAINTENANCE SERVICES.

(A) DURING AGREEMENT TERM. During the term of the Agreement, maintenance services for the Amdocs Software Package will be provided under the Agreement.

(B) FOLLOWING AGREEMENT TERM. Following the expiration or termination of the Agreement and for a period of not less than [**] (and for any period

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thereafter as long as Amdocs continues to provide generally maintenance services with respect to the Generic Amdocs Software Package and any successor software), Amdocs will offer to SBC the Maintenance Services in successive twelve (12) month periods (each a "MAINTENANCE TERM"), pursuant to Orders issued by SBC, and payment of the Maintenance Fees, and in accordance with the following:

(I) DESCRIPTION. Amdocs will provide to SBC and the Eligible Recipients Improvements with respect to the Generic Amdocs Software Package and the help desk and support services described on ANNEX A of this Schedule (the "MAINTENANCE SERVICES"). Maintenance Services include Improvements that enhance the efficiency and effectiveness of the function(s) described in the Specifications for the Generic Amdocs Software Package, correct errors in the Generic Amdocs Software Package, change the basic program functions of the Generic Amdocs Software Package or add new ones, all of which shall be furnished to Eligible Recipients on electronic media in a form suitable for incorporation into the Eligible Recipient's Amdocs Software Package (subject to appropriate customizations to account for differences between the Eligible Recipients' Amdocs Software Package and the Generic Amdocs Software Package). Amdocs will provide SBC with instructions on the integration of the Improvements to the Developed Materials, the Generic Amdocs Software Package, and other customizations provided by Amdocs.

(II) At the time of the election of its option to purchase Maintenance Services, SBC may also at its option purchase Maintenance Services with respect to the Developed Materials (including all Enhancements, Upgrades and customizations to the Generic Amdocs Software Package created specifically for SBC by or for Amdocs in connection with the Services provided by Amdocs under the Agreement) (the "CUSTOMIZATION MAINTENANCE SERVICES"). Amdocs shall identify the Developed Materials that are not part of the Generic Amdocs Software Package (and thus subject to Customization Maintenance Services) in [**] prepared pursuant to Section 5.1.3.1 of SCHEDULE E, PART 3 or the DFS. For the purposes of this SCHEDULE X, Software not identified as Developed Materials in [**] shall be deemed subject to the terms and conditions applicable to Maintenance Services for the Generic Amdocs Software Package (regardless of whether such Software

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may otherwise qualify as Developed Materials under the Agreement). The Customization Maintenance Services shall also include Amdocs' provision of updates, enhancements and modifications to the Developed Materials so that the Developed Materials included in or associated with the Amdocs Software Package are compatible and work in conformity with the Improvements provided by Amdocs in connection with the Maintenance Services. References to "Maintenance Services" shall include the Customization Maintenance Services, and references to the "Generic Amdocs Software Package" shall include the Developed Materials, as the context requires, if SBC has elected to purchase the Customization Maintenance Services. Customization Maintenance Services cannot be ordered without also ordering Maintenance Services.

(III) ERROR CORRECTION PROCEDURES. Subject to, and except as provided in ANNEX A, the procedure for error correction shall be as follows: upon the discovery of any error condition; SBC will endeavor to determine the source of such error condition, whether it is in the platform, in one of the modules of the Amdocs Software Package, an operational error, or some other source; in the event that the Generic Amdocs Software Package (or any component thereof) is the source or cause for or of such error condition, SBC will promptly notify Amdocs of said error and provide Amdocs, in reasonable detail, with all the information that it has discovered with respect to such error, in order to assist Amdocs to correct such error. Promptly upon receipt of such information, Amdocs will identify the cause for and correct the error and will provide the corrective solution to SBC. SBC will implement the correction based on the specific and detailed instructions of Amdocs. If an error condition which was reported to Amdocs is not an error caused by Amdocs or an error or defect in the Generic Amdocs Software Package, Amdocs will have the right to charge SBC for the time spent in handling, diagnosing and correcting the matter, at the time and materials rates set out in SCHEDULE J of the Agreement.

(IV) RIGHT TO DISCONTINUE MAINTENANCE SERVICES. Upon sixty (60) days' written notice to Amdocs prior to the end of a Maintenance Term, SBC shall be entitled to terminate its receipt of Maintenance Services (and/or the Customization Maintenance Services)

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effective upon the end of the then-current Maintenance Term [**] for Maintenance Services (and/or the Customization Maintenance Services), if any, [**]. In any such event, SBC's discontinuance of the Maintenance Services (and/or the Customization Maintenance Services) shall not affect (i) the provision of other services by Amdocs ordered by SBC, if any, or (ii) any other right or license granted hereunder.

(V) RIGHT TO REINSTATE MAINTENANCE SERVICES. Following its discontinuance or not ordering of Maintenance Services (and/or the Customization Maintenance Services), SBC may reinstate Amdocs' provision of Maintenance Services (and/or the Customization Maintenance Services) upon written notice to Amdocs (the "REINSTATEMENT NOTICE") and (A) [**] if SBC provides such Reinstatement Notice to Amdocs within [**] after the discontinuance or not ordering of Maintenance Services (and/or the Customization Maintenance Services), provided that this [**] (with respect to each of the Maintenance Services and the Customization Maintenance Services) under this SCHEDULE X; or (B) if later than such [**] period, then upon payment of a reinstatement fee equal to [**] percent ([**]%) of the aggregate amount [**] as Maintenance Fees for Maintenance Services (and/or the Customization Maintenance Services) during such period of discontinuance or not ordering of such Maintenance Services (and/or the Customization Maintenance Services). Subject to the payment of the foregoing reinstatement fee (if applicable), SBC shall not be obligated to pay any Maintenance Fees for any period during which SBC has discontinued Maintenance Services in accordance with Section 4.1(b)(iv). When Maintenance Services are resumed, Amdocs will provide SBC [**] for the Generic Amdocs Software Package.

(VI) COOPERATION. Subject to SECTION 4.1(B)(VII) below, SBC may provide itself or obtain from Contractors first level help desk support and maintenance related to the Amdocs Software Package, and Amdocs shall, as part of the Maintenance Services, reasonably cooperate with SBC and/or any such Contractor, including by providing, as part of Ongoing Support Services, reasonable telephone consultation and technical support directly to SBC and/or such Contractor(s), and will coordinate with SBC and/or any such Contractors to help resolve differences and conflicts

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arising between the Maintenance Services and such first level help desk and maintenance activities. In the event that, despite the foregoing efforts of Amdocs, Amdocs' performance of the Maintenance Services is adversely impacted by such provision of support, if and to the extent Amdocs' performance is so adversely affected, Amdocs' failure to perform the Maintenance Services shall be excused, subject to (i) Amdocs' providing SBC reasonable notice in writing of any such non-performance or anticipated inability to perform, and (ii) Amdocs' continuing to use commercially reasonable efforts to perform.

(VII) Maintenance Services (including [**] services) shall not apply if there has been any alteration, modification or adjustment to the Amdocs Software Package by any entity other than Amdocs, except and only to the extent that such alteration, modification or adjustment was made pursuant to, and under, Amdocs' supervision, direction or control. Notwithstanding the foregoing, Amdocs shall continue to provide help desk support as described in ANNEX A, as Ongoing Support Services.

4.2 ONGOING SUPPORT SERVICES

(A) DURING AGREEMENT TERM. The Amdocs Software Package will be delivered and customized by Amdocs, and the Developed Materials implemented, for SBC under and in accordance with the terms of the Agreement. Following Acceptance by SBC of the Amdocs Software Package under the Agreement and continuing through the term of the Agreement, the Amdocs Software Package will be supported by Amdocs pursuant to and in accordance with the provisions of the Agreement.

(B) FOLLOWING AGREEMENT TERM. Following the expiration or termination of the Agreement and for a period of not less than [**] years thereafter, Amdocs will offer to SBC support services, which may include, subject to the terms of an applicable Order, development of new Enhancements for the Amdocs Software Package and other related support services ordered by SBC (the "ONGOING SUPPORT SERVICES").

4.3 SERVICE PERFORMANCE AND SERVICE LEVELS. Amdocs shall perform the Maintenance Services and Ongoing Support Services at levels of accuracy, quality, completeness, timeliness, responsiveness and productivity that meet high standards and at least the generally accepted practices of the media publishing software and software services industries. Without limiting the generality of the

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foregoing, Amdocs shall perform the Maintenance Services so as to meet or exceed applicable Service Levels set forth in ANNEX A or the applicable Order, as the case may be.

4.4 ACCEPTANCE TESTING

(A) DURING AGREEMENT TERM. During the term of the Agreement, the provisions of the Agreement shall govern all issues of Acceptance respecting the Amdocs Software Package.

(B) FOLLOWING AGREEMENT TERM. Following the expiration or termination of the Agreement, unless otherwise agreed by the Parties (including in an applicable Order), the provisions of the Policy and Procedures Manual and the provisions of the Agreement with respect to Acceptance shall govern acceptance testing and Acceptance of any Software or other deliverable provided pursuant to the Ongoing Support Services.

4.5 SBC MASTER AGREEMENT MAINTENANCE TERMS. [**] Amdocs Software Package maintenance and support terms applicable to Amdocs Software licensed by SBC [**] between SBC and Amdocs then in effect.

5. OWNERSHIP OF MATERIALS.

Ownership rights in the Enhancements, Amdocs Software Package and Documentation shall be as set forth in SECTION 14 of the Agreement.

6. CHARGES; INVOICING.

6.1 CHARGES. The fees, prices and other charges to be paid by SBC for license of the Amdocs Software Package, Maintenance Services and Ongoing Support Services shall be as follows:

(A) SUBSEQUENT LICENSE FEES. All license fees payable for the license granted under ARTICLE 2 through the date of termination or expiration of the Agreement are included within the Charges under and paid pursuant to the Agreement. During the term of the Agreement, and after expiration or termination of the Agreement, SBC shall [**], except as provided in this SECTION 6.1(A). If at any time SBC adds a Potential Eligible Recipient as a new Eligible Recipient pursuant to the provisions of SECTION 9.6 of the Agreement, and subject to the provisions of this SECTION 6.1(A), then SBC agrees to pay Amdocs a one-time additional license fee equal to $[**] per each new Customer (the "SUBSEQUENT LICENSE FEE"). The Subsequent

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License Fee shall be (i) based on the [**] the Amdocs System as a result of the new Eligible Recipient; (ii) calculated as of the effective date that the Potential Eligible Recipient first becomes a new Eligible Recipient (the "NEW ELIGIBLE RECIPIENT EFFECTIVE DATE"); and (iii) paid by SBC to Amdocs as a one-time amount within [**] days after the New Eligible Recipient Effective Date. Thereafter, SBC shall [**] with respect to such new Eligible Recipient. A "CUSTOMER" means a customer of a new Eligible Recipient that [**]. For purposes of calculating the Subsequent License Fee, there shall be [**] a license or other right to use the Generic Amdocs Software Package. In addition, [**] payable with respect to the [**] Potential Eligible Recipients added pursuant to SECTION 9.6(K) of the Agreement.

(B) DURING AGREEMENT TERM. During the term of the Agreement, all Charges for maintenance services and ongoing support services shall be included within the Charges under and paid pursuant to the Agreement.

6.2 FOLLOWING AGREEMENT. Following the expiration or termination of the Agreement, the annual charge for the (A) Maintenance Services will be $[**], plus [**] percent ([**]%) of any [**] due under this Schedule, commencing and calculated at the beginning of the first year of the Maintenance Term; and (B) the Customization Maintenance Services will be, at SBC's option, (1) $[**], commencing and calculated at the beginning of the first year of the Maintenance Term, plus [**] percent ([**]%) of the [**] under this Schedule X after the expiration or termination of the Agreement pursuant to an Order; or, (2) [**] of the Agreement; [**] (the "MAINTENANCE FEE(S)"). Maintenance Services are invoiced on a semi-annual basis in advance. The charges for Ongoing Support Services shall be on a time and materials basis at the rates set forth in SCHEDULE J of the Agreement, [**]INVOICING; PAYMENT. Invoicing and payment shall be in accordance with SECTION 12 of the Agreement.

6.3 [**]. All [**] beginning at the end of the first year of the Maintenance Term; provided, however, that such [**] under the terms of the master agreement between the Parties.

7. [**]. [**], AS OF THE COMMENCEMENT OF EACH MAINTENANCE TERM AFTER THE EXPIRATION OF THE TERM OF THE AGREEMENT, THAT [**] THIS SCHEDULE X [**]TRAINING; USER GROUPS. Following the expiration or termination of the Agreement, unless otherwise agreed by the parties (including in an applicable Order), the following provisions shall apply:

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7.1 OBLIGATION TO PROVIDE TRAINING. Amdocs shall make available to the Eligible Recipients full and complete instruction on the installation, integration, implementation and use of the Amdocs Software Package. All training shall be offered in accordance with Amdocs' standard terms and conditions.

7.2 PRIOR TRAINING OR COMPETENCIES. SBC acknowledges that certain training courses may require that trainees have previous training or specific competencies. Amdocs shall inform SBC of any such requirements in writing prior to SBC's registration for applicable training.

7.3 TRAINING MATERIALS. All training provided by Amdocs shall include written course Materials that may be kept, reproduced and distributed for internal use by the Eligible Recipients, provided that any reproductions of such Materials shall include any copyright or similar proprietary notices placed on the Materials. The Eligible Recipients shall have the right to videotape such training and make unlimited copies of training Materials for internal use at no additional charge.

7.4 CANCELLATION. An Eligible Recipient may cancel a training course scheduled by Amdocs at any time upon thirty (30) days prior written notice to Amdocs, provided that the Eligible Recipient shall reimburse Amdocs for reasonable expenses that are not otherwise recoverable by Amdocs incurred by Amdocs in preparation for the course.

7.5 TRAIN-THE-TRAINER RIGHTS. There shall be no restriction on the permissibility of an Eligible Recipient having an individual trained in the operation of the Amdocs Software Package to train other Eligible Recipient personnel.

7.6 USER GROUPS. SBC shall be entitled to participate in all applicable Amdocs user groups and, at SBC's request, Amdocs shall recommend and promote SBC for inclusion on the steering committee or other governing body of each such user group.

8. TERMINATION.

The term and termination provisions of the Agreement shall apply to maintenance services provided during the term of the Agreement. Following the expiration or termination of the Agreement, the termination provisions of SECTION 20 of the Agreement shall apply. In the event of termination of the Agreement due to the material breach of Amdocs thereunder, and as permitted thereunder, SBC elects not to terminate the license of the Amdocs Software Package, SBC may require Amdocs to provide the Maintenance Services on the terms set forth under this Schedule.

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9. BANKRUPTCY.

All rights and licenses granted under or pursuant to this Schedule by Amdocs are, and shall otherwise be deemed to be, for purposes of Section 365(n) of the United States Bankruptcy Code, or any replacement or successor provision therefor (the "CODE"), licenses to rights to "intellectual property" as defined in the Code. The Parties agree that SBC, as licensee of such rights under this Schedule, shall retain and may fully exercise all of its rights and elections under the Code. The parties further agree that, in the event of the commencement of bankruptcy proceedings by or against Amdocs under the Code and subject to SBC's compliance with the requirements of Section 365(n) of the Code, (i) SBC shall be entitled to retain all of its rights under this Schedule, and (ii) Amdocs shall, upon request, provide to SBC any embodiments to such intellectual property in Amdocs' possession or control. In addition to the foregoing, Amdocs agrees that in the event of commencement of bankruptcy proceedings by or against SBC, subject to SBC's continued performance of its payment obligations to Amdocs under this Schedule related to such licenses, SBC, or its trustee in bankruptcy, shall be entitled to assume the licenses granted under or pursuant to this Schedule by Amdocs to SBC and shall be entitled to retain all of its rights thereunder (and shall be entitled to assume this Schedule and all of SBC's rights hereunder).

10. NEW PRODUCTS.

As part of the Maintenance Services, if Amdocs develops a replacement or alternative product (the "NEW PRODUCT") for any module of the Generic Amdocs Software Package (the "REPLACED PRODUCT"), SBC shall have the option to license the New Product under the terms and conditions of this Schedule, provided that if the New Product is one for which Amdocs requires its customers generally to pay an additional fee, Amdocs may charge SBC therefor.

11. REPLACEMENT SOFTWARE.

In the event that the Amdocs Software Package is damaged or destroyed, Amdocs shall provide an additional copy of the Amdocs Software Package for the cost of replacement media plus reasonable administrative and postage charges.

12. LIMITATION OF LIABILITY.

During the term of the Agreement, any claims for damages by either Party relating to the Amdocs Software Package or any licenses or services provided by Amdocs with respect thereto will be considered damages arising under the Agreement and shall be governed by and subject to the provisions of the Agreement, and neither Party shall bring any such

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claims under this Schedule. After the expiration or termination of the Agreement, the provisions of SECTION 18.3 of the Agreement will apply to liability under this Schedule except that under this Schedule the per occurrence liability shall be the equivalent of [**] and the total aggregate liability shall be the equivalent of [**] under this Schedule.

13. WARRANTY

The representations and warranties contained in SECTION 15.4(C) of the Agreement shall remain in effect until the later of: (a) the expiration of the [**]. For the avoidance of doubt, the [**] shall apply to all Enhancements, Upgrades and customizations to the Amdocs Software Package created by or for Amdocs in connection with the Services provided by Amdocs under the Agreement. Amdocs' shall correct errors in the Amdocs Software Package reported by SBC to Amdocs during the [**] period in accordance with Annex A at no charge. Amdocs shall not be in breach of the warranty in this SECTION 13 to the extent Amdocs corrects such non-Compliance within the parameters of Annex A.

If SBC has Accepted the Amdocs Software Package and has not terminated the license to the Generic Amdocs Software Package then, as of the date of the expiration or termination of the Agreement, Amdocs also represents and warrants that the Amdocs Software Package is compatible with, and is up to date and incorporates, all Improvements that have been made available with respect to the Amdocs Software Package.

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EXHIBIT 8

SIGNIFICANT SUBSIDIARIES OF AMDOCS LIMITED

LIST OF THE SUBSIDIARIES	JURISDICTION OF INCORPORATION OR ORGANIZATION	BUSINESS NAME
Amdocs (Brazil) Limitada	Brazil	Amdocs (Brazil) Limitada
Amdocs Canada, Inc.	Canada	Amdocs Canada, Inc.
Amdocs Holdings ULC	Canada	Amdocs Holding ULC
Amdocs (CR) S.R.O	Czech Republic	Amdocs (CR) S.R.O.
Amdocs (Denmark) ApS	Denmark	Amdocs (Denmark) ApS
Amdocs Software GmbH	Germany	Amdocs Software GmbH
Amdocs Software Solutions Kft	Hungary	Amdocs Software Solutions Kft
Amdocs Software Systems Ltd.	Ireland	Amdocs Software Systems Ltd.
European Software Marketing Ltd.	Island of Guernsey, Channel Islands	European Software Marketing Ltd.
Amdocs (Israel) Limited	Israel	Amdocs (Israel) Limited
Amdocs Development Limited	Republic of Cyprus	Amdocs Development Limited
Amdocs Champaign, Inc.	State of Delaware	Amdocs Champaign, Inc.
Amdocs, Inc.	State of Delaware	Amdocs, Inc.
Amdocs Services, Inc.	State of Delaware	Amdocs Services, Inc.
Amdocs Stamford, Inc.	State of Delaware	Amdocs Stamford, Inc.
Amdocs (USA), Inc.	State of Delaware	Amdocs (USA), Inc.
Canadian Directory Technology Ltd.	State of Delaware	Canadian Directory Technology Ltd.
Sypress, Inc.	State of Delaware	Sypress, Inc.
Amdocs Management Limited	United Kingdom	Amdocs Management Limited
Amdocs (UK) Limited	United Kingdom	Amdocs (UK) Limited
European Support Limited	United Kingdom	European Support Limited
Directory Technology (Pty) Limited	Victoria, Australia	Directory Technology (Pty) Limited

EXHIBIT 10.a.1

CONSENT OF ERNST & YOUNG LLP

We consent to the use of our report dated October 31, 2002 with respect to the consolidated financial statements and financial statement schedule of Amdocs Limited included in this Annual Report on Form 20-F for the year ended September 30, 2002 and incorporated by reference in the following registration statements:

COMMISSION FILE NO.

Form S-8, No. 333-91847
Form S-8, No. 333-92705
Form S-8, No. 333-31506
Form S-8, No. 333-34104
Form S-8, No. 333-58454
Form F-3 (and related Prospectus), No. 333-39278
Form F-3 (and related Prospectus), No. 333-44994
Form F-3 (and related Prospectus), No. 333-57036
Form F-3 (and related Prospectus), No. 333-67572

/s/ Ernst & Young LLP

New York, New York
March 24, 2003

EXHIBIT 10.a.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report on Form 20-F of Amdocs Limited (the "Company") for the period ended September 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Dov Baharav, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that to the best of his knowledge and belief:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 24, 2003

/s/ DOV BAHARAV

Dov Baharav
Chief Executive Officer
Amdocs Management Limited

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report on Form 20-F of Amdocs Limited (the "Company") for the period ended September 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Ron Moskovitz, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that to the best of his knowledge and belief:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 24, 2003

/s/ RON MOSKOVITZ

Ron Moskovitz,
Chief Financial Officer,
Amdocs Management Limited