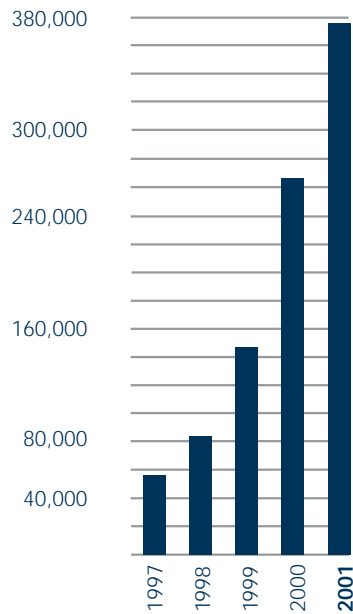


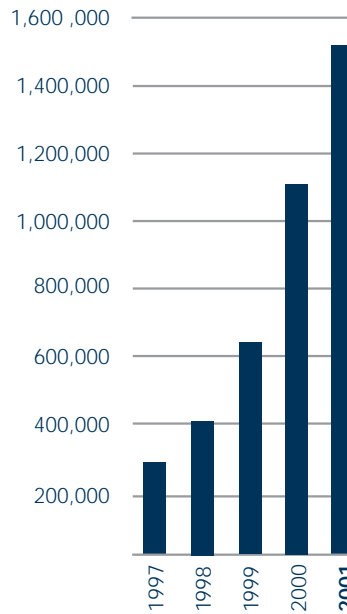
# amdocs annual report 2001



Operating Income\* (\$ thousands)



Revenue (\$ thousands)



# strengthening leadership

For two decades, we have been helping leading communication providers across the world turn their visions into reality.

\*1997 operating income excludes nonrecurring charges. 2000 and 2001 operating income excludes amortization of goodwill and purchased intangible assets, and additionally in 2000, the write-off of purchased in-process research and development and acquisition-related costs. Including the above items, operating income for 2000 and 2001 was \$74,124 and \$159,281, respectively.



We lead the communications systems market with outstanding products, carrier-grade scalability and an unparalleled track record of delivery and reliability. We support all lines of business, including mobile and wireline, voice and IP, and prepaid and postpaid. We fully integrate CRM, billing and ordering systems with a unified customer view.

Amdocs has achieved another year of continued growth, reflecting our customers' sustained confidence in our market leadership. In this report, we will describe how we are strengthening our leadership in all key business areas:

- products
- lines of business
- services
- customers

Avinoam Naor and Bruce K. Anderson



# to our shareholders

<b>financial highlights</b> (all data in thousands, except per share data)	2000	2001
license revenue	\$ 124,822	\$ 171,430
total revenue	\$ 1,118,320	\$ 1,533,910
operating income*	\$ 260,940	\$ 379,269
net income*	\$ 190,146	\$ 281,088
net cash from operating activities	\$ 287,588	\$ 337,987
diluted earnings per share*	\$ 0.88	\$ 1.24

\*Excludes amortization of goodwill and purchased intangible assets, and additionally in 2000, the write-off of purchased in-process research and development, acquisition-related costs, and tax effects related to the above. Including the above items, operating income was \$74,124, and \$159,281, and net income was \$5,978 and \$66,386 in 2000 and 2001, respectively, and diluted earnings per share was \$0.03 for the year ended September 30, 2000, and \$0.29 for the year ended September 30, 2001.

# Our continued stability and growth in the prevailing business environment is due to the Amdocs business model.

## For Amdocs, fiscal 2001 was a year of stability and continued growth:

- Revenue increased by 37.2% to \$1.53 billion
- Earnings per share, excluding acquisition-related charges, increased 40.9% to \$1.24
- Net income, excluding acquisition-related charges, increased 47.8% to \$281.1 million

In addition, our operations continued to generate considerable cash. At the end of the year, we had a cash balance of \$1.1 billion. This reflects strong operational cash flow, as well as an offering of senior convertible securities that raised about \$500 million in May 2001.

In fiscal 2001, we also strengthened our leadership in the communications industry. With the economy in transition, our focus on strengthening leadership and competitive advantage establishes a strong foundation for long-term growth and increased stockholder value.

## Our business model – enabling continued stability and growth

Our continued stability and growth in the prevailing business environment is due to the Amdocs business model. Our solutions approach, the long-term relationships we develop with our customers, and our broad portfolio of offerings are the key components of this business model. Under the solutions approach, Amdocs provides both the software applications plus a wide range of support services, including a commitment to long-term support. These long-term customer engagements generate a predictable flow of recurring revenues and high visibility. In addition, our broad portfolio of products and services allows us to adapt quickly to changes in the market. This allows us to serve our customers as their needs evolve and grow.

Another important component of our business model is focus. We target the top echelon of communications

operators. Our customers include leading companies, such as, SBC, Verizon, BellSouth, Nextel, Vodafone, BT, Deutsche Telekom and Telstra. Through its 20-year history, Amdocs has consistently delivered the powerful, large-scale solutions that these customers need. Over the past 12 months, the major operators have reinforced their leadership of the communications industry. Our strong relationships with these operators position us to move forward as they move forward.

## Competitive advantage – strengthening our leadership

Amdocs is the world's leading provider of CRM and billing solutions to the communications industry. During the year, we launched a number of initiatives to strengthen our leadership and competitive advantage in this market. These initiatives encompassed products, services, operations and customers.

On November 28, 2001, we completed our acquisition from Nortel Networks of substantially all of the assets of Clarify, a leading CRM vendor. The acquisition positions Amdocs as the world's number one provider of CRM solutions to the communications industry. With the industry's most comprehensive set of CRM products, proven communications-specific functionality and powerful delivery capabilities, we offer an unparalleled CRM solution for communications providers. We will also be the only vendor to provide an integrated CRM and billing solution.

We invested over \$100 million in Research and Development in fiscal 2001. We announced several new products and enhancements, including:

- Amdocs Mobile platform - an integrated end-to-end CRM and billing solution to support next generation mobile IP services, such as 2.5G and 3G services.

- Amdocs Mobile Enabler – a product that allows incumbent mobile operators to rapidly generate revenue from next generation mobile IP services, without replacing their legacy billing systems.
- Order Management – automates ordering and provisioning of new services.
- Campaign Management – supports proactive sales campaigns managed by the service provider.
- Revenue Assurance – helps detect and prevent leakage of data and loss of revenues.

As part of our open architecture strategy, we also released Open APIs (Application Programming Interfaces) which enable a Web-driven interface with Amdocs applications. Our Open APIs have already been implemented at several customers including Libertel-Vodafone, Pannon GSM, mobilkom and Digifone.

We enhanced our service offerings through the expansion of our outsourcing capabilities. This expansion included the phasing in of our outsourcing project for Nextel, the initiation of a major outsourcing company with Bell Canada, and the installation of a new data center at our outsourcing facility in Champaign, Illinois.

#### Amdocs customer base – a key asset

We continued to expand our customer base, while also expanding our work with existing customers.

This expansion encompassed both wireline and mobile sectors, and all communications markets, including North and South America, Europe and Asia Pacific. Among the major new projects we were awarded, highlights include:

- Bell Canada, the largest communications carrier in Canada, for outsourcing of convergent end-to-end billing for all wireline, mobile and IP operations. Amdocs will replace all Bell Canada's existing billing systems. The vehicle for the project is Certen, a company formed by Amdocs and Bell Canada.
- Oni Way, a 3G license holder in Portugal, for a comprehensive billing solution for next generation mobile IP services. The Oni Way project, among others, is being implemented within the framework of our global alliance with Accenture.
- BT in the UK, where we are providing a Bill Formatter solution for BT's wireline operations supporting over 20 million subscribers.
- VimpelCom, one of the largest mobile carriers in Russia, for an end-to-end CRM and billing system.
- Bezeq, Israel's leading wireline carrier, for a comprehensive system to support convergent voice and data services. This project builds on an initial system project that we successfully implemented for Bezeq.

Our broad portfolio of products and services allows us to adapt quickly to changes in the market.

- Verizon Information Services, a major directory publisher, for a multi-year contract to provide an end-to-end system to support all of Verizon's print and online directory operations.

### Strengthened leadership – a foundation for growth

We have demonstrated excellent business performance and stability. We have achieved solid growth in revenues and earnings. Through our long-term customer relationships, we have maintained high visibility on future revenue flow. We are also the leaders in our market. All this has been rewarded by the loyalty of our investors. We thank you for your support. We are committed to maximizing the future value of your investment.

We would also like to thank the whole Amdocs team worldwide for their contribution to the year's outstanding results. You are an exceptionally talented and dedicated group of people. Your efforts in delivering quality solutions and ensuring customer satisfaction are the heart of our success. We thank you.

Moving forward, we continue to focus efforts on further strengthening our leadership position in the market. While we have encountered longer sales cycles over the last year, the underlying fundamentals of our business are excellent. CRM and billing systems are mission-critical for communications service providers as they strive to improve customer retention, enhance productivity and support advanced data services. As a vendor to the world's leading communications providers, we are well positioned to leverage the continued growth in our industry.



**Bruce K. Anderson**  
Chairman of the Board  
and Chief Executive Officer,  
Amdocs Limited



**Avinoam Naor**  
Director, Amdocs Limited  
President and Chief Executive Officer  
Amdocs Management Limited

As a vendor to the world's leading communications providers, we are well positioned to leverage the continued growth in our industry.

**Amdocs launches Mobile Enabler** product supporting incumbent mobile operators to rapidly implement and deploy next generation services



strengthening leadership  
products

**BT, United Kingdom:** implementing Amdocs Bill Formatter for BT's over 20 million subscribers

**Deutsche Telekom, Germany:** expanding existing Amdocs system with Fraud Management solution for over 46 million subscribers

**Amdocs Revenue Assurance** application announced – helps counter revenue leakage and increases billed traffic

Amdocs achieves **breakthrough benchmark results** on HP Superdome platform



we offer  
best-of-class  
CRM, ordering  
and billing

We provide the innovative, best-in-class functionality and proven scalability demanded by communications leaders. With the acquisition of Clarify, we now offer the world's leading CRM solution for communications. Our recently released Mobile Enabler product delivers the add-on flexibility mobile operators need to support next generation services.

# strengthening leadership lines of business



our solutions  
support any  
service across  
all lines  
of business

Our solutions support multi-dimensional convergence, including voice and data, mobile and wireline, and prepaid and postpaid. We also support innovative operators moving into electronic and mobile commerce. Our annual investment in research and development exceeds \$100 million, keeping our customers ahead of their competitors.



**Digifone, Ireland:**  
expanding existing Amdocs  
system with e-care and  
Prepaid solutions

**Libertel-Vodafone, The  
Netherlands:** expanding  
existing Amdocs system with  
GPRS solution for wholesale  
and retail operations

**Oni Way, Portugal:**  
implementing Amdocs  
end-to-end integrated  
billing for 2.5G and 3G  
services



we provide a full  
range of services

We support a wide range of delivery models, including products and customized solutions, system integration and implementation, ongoing support and outsourcing of data center operations. We allow our customers to focus on their core business, while we deliver world-class, fully-serviced systems.

**Bell Canada:** establishing a company with Amdocs – Certen – to implement integrated billing platform for all Bell Canada customers

**Nextel, USA:** implementing Amdocs end-to-end billing and customer care as part of seven-year outsourcing agreement

**TELUS Mobility, Canada:** implementing Amdocs Ensemble for its entire customer base



# strengthening leadership services

# strengthening leadership customers



**VimpelCom, Russia:**  
implementing Amdocs end-to-end Ensemble solution for cellular networks and GPRS

**Koc.net, Turkey:**  
implementing Amdocs IP customer care and billing solution

**Telecom Argentina:**  
implementing Amdocs CRM e-care solution

**Verizon-owned Codetel, Dominican Republic:**  
implementing Amdocs Ensemble for postpaid wireless and pager operations

our solutions  
support the  
largest  
communications  
operators in  
the world

We have successfully delivered mission-critical solutions to leading service providers worldwide. Our teams of software professionals are deployed on every continent at our customer sites and our development centers. Our solutions meet the needs of leaders, such as, Bell Canada, BellSouth, BT, Deutsche Telekom, SBC, Telstra, Verizon and Vodafone.



**Amdocs Campaign Management** application announced – helps operators to acquire, retain and expand sales with customers through targeted personalized marketing campaigns

# amdocs customers

Airserve • Ameritech • AT&T Canada • ATL • BCP • Belgacom •  
Bell Canada • BellSouth • Bezeq • Broadwing's ZoomTown • BT • BT  
GenieMobile • Cellcom • CenturyTel • Chello • CingularWireless • Codetel •  
Contactel • Czech Telecom • D2 Vodafone (Mannesmann Mobilfunk) •  
Deutsche Telekom • Digifone • Dominion Telecom • eircom • ePlus •  
Glenayre • Global Telecom • GoldenLines • Japan Telecom • J-Phone •  
Koc.net • KT Freetel • LG Telecom • Libertel Vodafone • max.mobil •  
Maxis • mobilkom • Netcom • Nextel • One2One • Oni Way •  
Orange Communications • Pacific Bell • Pannon GSM • Pelephone •  
Puerto Rico Telephone • Qwest • SBC • Sonofon • Southern New England  
Telephone Co. • Southwestern Bell Telephone • Sparq\* (New Century  
Infocomm Tech) • Sprint • Talkline • TDC Group (TeleDanmark) • tele.ring •  
Telecom Argentina • Telecom Italia • Telecomunicaciones Movilnet •  
Telet • Telkom South Africa • Telstra • TelstraSaturn • TELUS Mobility •  
T-Mobile • TSI Telecommunication Services • USCellular • Verizon •  
Vesper • VimpelCom • Vodafone • Vodafone Pacific • VoiceStream •  
Western Wireless

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