



FORM S-8

NICE SYSTEMS LTD – NICE

Filed: December 12, 2003 (period:)

Securities offered to employees pursuant to employee benefit plans

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

FORM S-8

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

NICE SYSTEMS LTD.

(Exact Name of Registrant as Specified in Its Charter)

ISRAEL
(State or Other Jurisdiction of Incorporation)

N/A
(I.R.S. Employer Identification Number)

**8 Hapnina Street
P.O. Box 690
43107 Ra'anana
Israel**

(Address of Principal Executive Offices) (Zip Code)

**NICE SYSTEMS LTD.
AMENDED AND RESTATED
1999 EMPLOYEE STOCK PURCHASE PLAN**

(Full Title of the Plan)

**NICE Systems Inc.
301 Route 17 North
10th Floor**

Rutherford, New Jersey 07070

(Name and Address of Agent For Service)

(201) 964-2600

(Telephone Number, Including Area Code, of Agent for Service)

Copies to:

**David Warburg, Esq.
Brown Raysman Millstein Felder & Steiner LLP
900 Third Avenue
New York, New York 10022**

CALCULATION OF REGISTRATION FEE

Title of Securities To Be Registered	Amount To Be Registered(2)	Proposed Maximum Offering Price Per Share(4)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Ordinary Shares, par value NIS 1.00 per share(1)	1,750,000(3)	\$22.48	\$39,340,000	\$3,183.31

(1) American Depositary Shares ("ADSs"), evidenced by American Depositary Receipts ("ADRs"), issuable upon deposit of Ordinary Shares, par value NIS 1.00 per share, of NICE Systems Ltd. are registered on a separate registration statement. Each ADS represents one Ordinary Share.

- (2) Pursuant to Rule 416(a) under the Securities Act of 1933, as amended (the "*Securities Act*"), this Registration Statement also covers such indeterminate number of Ordinary Shares as may be offered or issued to prevent dilution resulting from stock splits, stock dividends, or similar transactions pursuant to the terms of the NICE Systems Ltd. Amended and Restated 1999 Employee Stock Purchase Plan (the "*Plan*").
- (3) The Plan permits the grant of options to purchase up to an aggregate of 500,000 Ordinary Shares; provided that this maximum amount shall increase automatically for each calendar year following the 2003 calendar year by the lesser of 250,000 Ordinary Shares or 1.5% of the total number of outstanding Ordinary Shares as of December 31 of the immediately preceding calendar year.
- (4) The price is estimated pursuant to Rule 457(h) of the Securities Act solely for the purpose of calculating the registration fee and is based upon the average of the high and low prices of the ADRs as quoted on The Nasdaq National Market on December 8, 2003.
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EXPLANATORY NOTE

This Registration Statement on Form S-8 is filed by NICE Systems Ltd. (the "*Company*") and relates to an additional 1,750,000 ordinary shares, par value NIS 1.00 per share (the "*Ordinary Shares*"), issuable to participants in the Plan.

The Company previously registered an aggregate of 500,000 Ordinary Shares for issuance under the Plan under a Registration Statement on Form S-8, as filed with the Securities and Exchange Commission on November 17, 1999 (File No. 333-11154).

Pursuant to General Instruction E to Form S-8, this Registration Statement incorporates by reference the contents of the Registration Statement referenced above, except as otherwise set forth herein.

PART I

INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

ITEM 1. PLAN INFORMATION

Not required to be filed with this Registration Statement. Pursuant to Rule 428(b)(1) under the Securities Act of 1933, as amended (the "*Securities Act*"), the Registrant, NICE Systems Ltd., a company organized under the laws of the State of Israel (the "*Company*"), will provide to the respective participants in the NICE Systems Ltd. Amended and Restated 1999 Employee Stock Purchase Plan (the "*Plan*") the required information with respect to the Plan.

ITEM 2. REGISTRANT INFORMATION AND EMPLOYEE PLAN ANNUAL INFORMATION

Upon written or oral request by a participant in the Plan, the Registrant will provide without charge any of the documents incorporated by reference in Item 3 of Part II of this Registration Statement (which documents are incorporated by reference into the Section 10(a) prospectus) and any documents required to be delivered to participants pursuant to Rule 428(b) of the Securities Act. All such written or oral requests for documents or information should be directed to NICE Systems Ltd. at 8 Hapnina Street, P.O. Box 690, 43107 Ra'anana, Israel, Attention: Corporate Secretary, telephone: +972-9-775-3777.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE

The Securities and Exchange Commission (the "*Commission*") allows us to "incorporate by reference" information into this prospectus. This means that we can disclose important information to you by referring you to another document filed by us with the Commission. Any information referenced this way is considered part of this prospectus, and any information that we file after the date of this prospectus with the Commission will automatically update and supersede this information. We incorporate by reference into this prospectus the following documents:

- (i) The Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2002, filed with the Commission on June 26, 2003.
- (ii) The Company's Current Reports on Form 6-K filed with the Commission on May 14, 2003; July 30, 2003; October 29, 2003; November 12, 2003; December 3, 2003; December 9, 2003 and December 11, 2003.
- (iii) The descriptions of our ADSs, ADRs and our Ordinary Shares contained in the Company's Registration Statement on Form F-3 filed with the Commission on July 16, 1997 and including any subsequent amendment or report filed for the purpose of updating such description.

In addition, any future filings made by us with the Commission pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, as amended (the "*Exchange Act*"), after the date of this prospectus and prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, and any future reports on Form 6-K furnished by us to the Commission during such period or portions thereof that are identified in such forms as being incorporated into this Registration Statement, shall be considered to be incorporated in this Registration Statement by reference and shall be considered a part of this Registration Statement from the date of filing of such documents.

ITEM 4. DESCRIPTION OF SECURITIES

Not applicable.

ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL

Not Applicable.

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Exemption of Office Holders

Under the Israeli Companies Law, as amended (the "*Companies Law*"), an Israeli company may not exempt an office holder from liability for breach of his duty of loyalty, but may exempt in advance an office holder from liability to the company, in whole or in part, for a breach of his duty of care, provided the articles of association of the company allow it to do so. Our articles of association do not allow us to exempt our office holders to the fullest extent permitted by law.

Office Holder Insurance

Our articles of association provide that, subject to the provisions of the Companies Law, we may enter into a contract for the insurance of the liability of any of our office holders with respect to:

- a breach of his duty of care to us or to another person,

- a breach of his fiduciary duty to us, provided that the office holder acted in good faith and had reasonable grounds to assume that his act would not prejudice our interests, or
- a financial liability imposed upon him in favor of another person concerning an act performed by him in his capacity as an office holder.

Indemnification of Office Holders

Our articles of association provide that we may indemnify an office holder against:

- a financial liability imposed on him in favor of another person by any judgment, including a settlement or an arbitrator's award approved by a court concerning an act performed in his capacity as an office holder, and
- reasonable litigation expenses, including attorneys' fees, expended by the office holder or charged to him by a court, in proceedings instituted against him by or on our behalf or by another person, or in a criminal charge from which he was acquitted, or a criminal charge in which he was convicted for a criminal offense that does not require proof of intent, in each case relating to an act performed in his capacity as an office holder.

Limitations on Exemption, Insurance and Indemnification

The Companies Law provides that a company may not exempt or indemnify an office holder, or enter into an insurance contract, which would provide coverage for any monetary liability incurred as a result of any of the following:

- a breach by the office holder of his duty of loyalty unless, with respect to insurance coverage, the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company,
- a breach by the office holder of his duty of care if the breach was done intentionally or recklessly,
- any act or omission done with the intent to derive an illegal personal benefit, or
- any fine levied against the office holder.

Required Approvals

In addition, under the Companies Law, any exemption of, indemnification of, or procurement of insurance coverage for, our office holders must be approved by our audit committee and our board of directors and, if the beneficiary is a director, by our shareholders.

We have a directors and officers liability insurance policy insuring our office holders to the extent permitted by the Companies Law and our articles of association.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED

Not Applicable.

ITEM 8. EXHIBITS

The following exhibits are filed with or incorporated by reference into this Registration Statement (numbering corresponds to Exhibit Table in Item 601 of Regulation S-K):

- 4.1 Memorandum of Association of NICE Systems Ltd. (together with an English translation thereof) (previously filed as Exhibit 3.1 to, and incorporated by reference from, NICE's

4.2

Articles of Association of NICE Systems Ltd. approved by the Annual General Meeting of the Company's shareholders held on December 24, 2002 (previously filed as Exhibit 1.2 to, and incorporated by reference from, NICE's Annual Report on Form 20-F for the fiscal year ended December 31, 2002, filed with the Commission on June 26, 2003).

4.3

Form of Share Certificate (previously filed as Exhibit 4.1 to, and incorporated by reference from, NICE's Amendment No. 1 to Registration Statement on Form F-1 (Registration No. 333-99640) filed with the Commission on December 29, 1995).

4.4

NICE Systems Ltd. Amended and Restated 1999 Employee Stock Purchase Plan.

5

Opinion of Goldfarb, Levy, Eran & Co.

23.1

Consent of Kost, Forer & Gabbay, a member of Ernst & Young Global.

23.2

Consent of Goldfarb, Levy, Eran & Co. (included in Exhibit 5).

24

Power of Attorney (included in signature page of this Registration Statement).

ITEM 9. UNDERTAKINGS

(a)

The undersigned Registrant hereby undertakes:

(1)

To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i)

To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii)

To reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high and of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective Registration Statement; and

(iii)

To include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the Registration Statement.

(2)

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

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act, (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8, and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Ra'anana, State of Israel, on the 12th day of December, 2003.

NICE SYSTEMS LTD.

By: /s/ RON GUTLER

Ron Gutler
Chairman of the Board of Directors

II-5

POWER OF ATTORNEY

Know all men by these present, that each individual whose signature appears below constitutes and appoints Lauri Hanover, Haim Shani, and each of them, his or her true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution, for him or her and in his or her place and stead, in any and all capacities, to sign any all amendments (including post-effective amendments) to this Registration Statement and to file the same with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby rectifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following person in the capacities and on the dates identified:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ RON GUTLER</u> Ron Gutler	Chairman of the Board of Directors	December 12, 2003
<u>/s/ JOSEPH ATSMON</u> Joseph Atsmon	Vice-Chairman of the Board of Directors	December 12, 2003
<u>/s/ HAIM SHANI</u> Haim Shani	President and Chief Executive Officer	December 12, 2003
<u>/s/ LAURI HANOVER</u> Lauri Hanover	Chief Financial Officer	December 12, 2003
<u>/s/ RIMON BEN-SHAOUL</u> Rimon Ben-Shaoul	Director	December 12, 2003
<u>/s/ JOSEPH DAUBER</u> Joseph Dauber	Director	December 12, 2003
<u>/s/ DAN FALK</u> Dan Falk	Director	December 12, 2003
<u>/s/ JOHN HUGHES</u> John Hughes	Director	December 12, 2003
<u>/s/ LEORA MERIDOR</u> Leora Meridor	Director	December 12, 2003
<u>/s/ TIMOTHY ROBINSON</u> Timothy Robinson	Director	December 12, 2003

Authorized Representative in the
United States:

NICE SYSTEMS INC.

By: /s/ SHLOMO SHAMIR

Name: Dr. Shlomo Shamir
Title: President and Chief Executive Officer

December 12, 2003

INDEX TO EXHIBITS

EXHIBIT NO.	DESCRIPTION
4.1	Memorandum of Association of NICE Systems Ltd. (together with an English translation thereof) (previously filed as Exhibit 3.1 to, and incorporated by reference from, NICE's Registration Statement on Form F-1 (Registration No. 333-99640) filed with the Commission on November 21, 1995).
4.2	Articles of Association of NICE Systems Ltd. approved by the Annual General Meeting of the Company's shareholders held on December 24, 2002 (previously filed as Exhibit 1.2 to, and incorporated by reference from, NICE's Annual Report on Form 20-F for the fiscal year ended December 31, 2002, filed with the Commission on June 26, 2003).
4.3	Form of Share Certificate (previously filed as Exhibit 4.1 to, and incorporated by reference from, NICE's Amendment No. 1 to Registration Statement on Form F-1 (Registration No. 333-99640) filed with the Commission on December 29, 1995).
4.4	NICE Systems Ltd. Amended and Restated 1999 Employee Stock Purchase Plan.
5	Opinion of Goldfarb, Levy, Eran & Co.
23.1	Consent of Kost, Forer & Gabbay, a member of Ernst & Young Global.
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QuickLinks

[EXPLANATORY NOTE](#)

[PART I INFORMATION REQUIRED IN THE SECTION 10\(a\) PROSPECTUS](#)

[ITEM 1. PLAN INFORMATION](#)

[ITEM 2. REGISTRANT INFORMATION AND EMPLOYEE PLAN ANNUAL INFORMATION](#)

[PART II INFORMATION REQUIRED IN THE REGISTRATION STATEMENT](#)

[ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE](#)

[ITEM 4. DESCRIPTION OF SECURITIES](#)

[ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL](#)

[ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS](#)

[ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED](#)

[ITEM 8. EXHIBITS](#)

[ITEM 9. UNDERTAKINGS](#)

[SIGNATURES](#)

[POWER OF ATTORNEY](#)

[INDEX TO EXHIBITS](#)

NICE SYSTEMS LTD.

**AMENDED AND RESTATED
1999 EMPLOYEE STOCK PURCHASE PLAN**

This Amended and Restated 1999 Employee Stock Purchase Plan (the "Plan") of NICE Systems Ltd. was adopted in its amended and restated form by the Board of Directors of the Company on October 20, 2003, subject to the approval of the Company's shareholders which was obtained at the Company's Annual General Meeting of Shareholders on December 2, 2003.

1. *Purpose.* The purpose of the Plan is to provide employees of the Company and its Designated Subsidiaries with an opportunity to purchase Ordinary Shares of the Company through accumulated payroll deductions or as otherwise required or permitted by the applicable law in the jurisdiction in which the Plan is implemented. The Board may, from time to time, approve (and amend or modify from time to time) appendices setting forth any special requirements that are applicable to options granted to recipients in the various jurisdictions in which options may be granted under the Plan pursuant to applicable local laws and regulations, all of which appendices (as amended or modified from time to time) shall constitute an integral part of the Plan. Appendix "A" hereto attached sets forth the provisions applicable to options that may be granted to United States participants in the Plan.

2. *Definitions*

- a. "ADR" shall mean an American Depositary Receipt representing an American Depositary Share, which in turn represents an Ordinary Share.
 - b. "Board" shall mean the Board of Directors of the Company.
 - c. "Change in Capitalization" shall mean any increase, reduction, or change or exchange of Ordinary Shares for a different number or kind of shares or other securities of the Company by reason of a reclassification, recapitalization, merger, consolidation, reorganization, share dividend, share split or reverse share split, combination or exchange of shares, repurchase of shares, change in corporate structure or otherwise.
 - d. "Code" shall mean the Internal Revenue Code of 1986, as amended.
 - e. "Committee" shall mean a committee of members of the Board appointed by the Board to administer the Plan and to perform the functions set forth herein.
 - f. "Company" shall mean NICE Systems Ltd., a company duly organized and existing under the laws of the State of Israel.
 - g. "Compensation" shall mean the fixed salary or wage paid by the Company to a Participant. The salary components comprising the Participant's Compensation for purposes of the Plan will be determined pursuant to applicable local laws and regulations.
 - h. "Designated Subsidiaries" shall mean the Subsidiaries whose Employees have been designated by the Board from time to time in its sole discretion as eligible to participate in the Plan.
 - i. "Employee" shall mean any person, including a member of the Board, who is regularly employed by the Company or one of its Designated Subsidiaries.
 - j. "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.
 - k. "Exercise Date" shall mean the last business day of each Offering Period in which payroll deductions are made under the Plan.
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- l. "Fair Market Value" per share as of any date shall mean the closing sales price of one ADR as quoted on the NASDAQ market on the most recent date for which a closing sales price was quoted, prior to that date.
- m. "Initial Offering Period" shall mean the six-month period commencing on July 1, 1999, and ending on December 31, 1999.
- n. "Offering Date" shall mean January 1 and July 1 of each Plan Year.
- o. "Offering Period" shall mean the six-month period commencing on each Offering Date, provided that the Committee shall have the power to change the duration of Offering Periods.
- p. "Ordinary Shares" shall mean the ordinary shares, par value NIS 1.00 per share, of the Company.
- q. "Parent Corporation" shall mean any corporation (other than the Company) in an unbroken chain of corporations ending with the employer corporation if, at the time of granting an option, each of the corporations other than the employer corporation owns shares possessing fifty percent (50%) or more of the total combined voting power of all classes of shares in one of the corporations in such chain.
- r. "Participant" shall mean an Employee who participates in the Plan.

- s. "Plan" shall mean this Amended and Restated NICE Systems Ltd. 1999 Employee Stock Purchase Plan, as further amended from time to time.
- t. "Plan Period" shall mean, other than with respect to the Initial Offering Period, each six-month period commencing on each Offering Date.
- u. "Subsidiary Corporation" shall mean any corporation (other than the Company) in an unbroken chain of corporations beginning with the employer corporation if, at the time of granting an option, each of the corporations other than the last corporation in the unbroken chain owns shares possessing fifty percent (50%) or more of the total combined voting power of all classes of shares in one of the other corporations in such chain.

3. *Eligibility*

a. Subject to the requirements of Section 4.b. hereof, any person (i) who is an Employee as of an Offering Date, (ii) who is regularly scheduled to work at least 20 hours per week and at least 5 months per year, and (iii) who has been an Employee for a period of six months (or such lesser period of time as to an Employee or class of Employees as determined by the Committee in its sole discretion) as of an Offering Date, shall be eligible to participate in the Plan and be granted an option for the Offering Period commencing on such Offering Date.

b. Notwithstanding any provisions of the Plan to the contrary, no Employee shall be granted an option under the Plan (i) if, immediately after the grant, such Employee (or any other person whose stock would be attributed to such Employee pursuant to Section 424 (d) of the Code) would own shares or stock and/or hold outstanding options to purchase shares or stock possessing five percent (5%) or more of the total combined voting power or value of all classes of shares or stock of the Company or of any Subsidiary or Parent of the Company, or (ii) which permits such Employee's right to purchase shares or stock under all employee stock purchase plans (as described in Section 423 of the Code) of the Company and any Subsidiary or Parent of the Company to accrue at a rate which exceeds twenty-five thousand dollars (\$25,000) of Fair Market Value of such shares or stock (determined at the time such option is granted) for any calendar year in which such option is outstanding at any time.

4. *Grant of Option: Participation*

a. On each Offering Date the Company shall commence an offer by granting each eligible Employee an option to purchase Ordinary Shares, subject to the limitations set forth in Sections 3.b. and 10 hereof. Notwithstanding the foregoing, a Participant may elect at the time of exercise of an option to purchase, in lieu of Ordinary Shares, an equal number of the Company's ADRs. Options may not be exercised for a combination of Ordinary Shares and ADRs.

b. Each eligible Employee may elect to become a Participant in the Plan with respect to an Offering Period, only by filing an agreement with the Company authorizing payroll deductions (as set forth in Section 5 hereof) or, when not allowed under any local law or regulation, other forms of payment. Such authorization will remain in effect for subsequent Offering Periods, until modified or terminated by the Participant.

c. The option price per Ordinary Share subject to an offer shall be the lesser of: (i) 85% of the Fair Market Value of one ADR on the Offering Date or (ii) 85% of the Fair Market Value of one ADR on the Exercise Date.

5. *Payroll Deductions/Payments*

a. A Participant may, in accordance with rules adopted by the Committee, authorize a payroll deduction or, when not allowed under any local law or regulation, another form of payment, of any whole percentage from 2 percent to 10 percent of such Participant's Compensation each pay period. A Participant may increase or decrease such payroll deduction or payment (including a cessation of payroll deductions) at any time but not more frequently than once each six months, by filing a new authorization form with the Committee.

b. All payroll deductions made by a Participant shall be credited to such Participant's account under the Plan. A Participant may not make any additional payments into such account.

6. *Exercise of Option*

a. Unless a Participant withdraws from the Plan as provided in Section 8 hereof, such Participant's election to purchase Ordinary Shares will be exercised automatically on the Exercise Date, and the maximum number of full Ordinary Shares subject to such option will be purchased for such Participant at the applicable option price with the accumulated payroll deductions and any cash dividends (credited pursuant to Section 9 hereof) in such Participant's account. During a Participant's lifetime, a Participant's option to purchase Ordinary Shares hereunder is exercisable only by such Participant.

b. Any cash balance remaining in Participant's account after the termination of an Offering Period will be carried forward to the Participant's account for the purchase of Ordinary Shares during the next Offering Period if the Participant has elected to continue to participate in the Plan. Otherwise the Participant will receive a cash payment equal to the balance of his or her account.

c. The Ordinary Shares purchased upon exercise of an option hereunder shall be credited to the Participant's account under the Plan and shall be deemed to be transferred to the Participant on the Exercise Date and, except as otherwise provided herein, the Participant shall have all rights of a shareholder with respect to such shares.

7. *Delivery of Ordinary Shares* As promptly as practicable after receipt by the Company of a written request or standing instructions from any Participant for delivery of certificates representing Ordinary Shares credited to the Participant's account, the Company shall arrange the delivery to such Participant or its designated securities account or institution of a share certificate representing the Ordinary Shares which the Participant requested to be delivered; provided, however, that, unless otherwise determined by the Committee, such deliveries may be made no more frequently than once

after each Exercise Date. Any such certificates shall bear such restrictive legends as may be required by applicable law or regulation.

8. *Withdrawal; Termination of Employment*

a. A Participant may withdraw all, but not less than all, the payroll deductions or payments and cash dividends credited to such Participant's account (that have not been used to purchase Ordinary Shares or ADRs) under the Plan at any time by giving written notice to the Company received prior to the Exercise Date. All such payroll deductions or payments and cash dividends credited to such Participant's account will be paid to such Participant promptly after receipt of such Participant's notice of withdrawal and such Participant's option for the Offering Period in which the withdrawal occurs will be automatically terminated. No further payroll deductions for the purchase of Ordinary Shares or ADRs will be made for such Participant during such Offering Period, and any additional cash dividends during the Offering Period will be distributed to the Participant.

b. Upon termination of a Participant's continuous status as an Employee during the Offering Period for any reason including voluntary termination, retirement or death, the payroll deductions or payments and cash dividends credited to such Participant's account, that have not been used to purchase Ordinary Shares or ADRs will be returned (and any future cash dividends will be distributed) to such Participant, or in the case of such Participant's death, to the person or persons entitled thereto under Section 12 hereof and such Participant's account (that have not been used to purchase Ordinary Shares) will be returned (and any future cash dividends will be distributed) to such Participant or, in the case of such Participant's death, to the person or persons entitled thereto under Section 12 hereof and such Participant's option will be automatically terminated.

c. A Participant's withdrawal from an offering will not have any effect upon such Participant's eligibility to participate in a succeeding offering or in any similar plan that may hereafter be adopted by the Company.

9. *Dividends and Interest*

a. Cash dividends paid on Ordinary Shares held in a Participant's account shall be credited to such Participant's account and used in addition to payroll deductions to purchase Ordinary Shares on the Exercise Date. Dividends paid in Ordinary Shares or share splits of the Ordinary Shares shall be credited to the accounts of Participants. Dividends paid in property other than cash or Ordinary Shares shall be distributed to Participants as soon as practicable.

b. No interest shall accrue on or be payable with respect to the payroll deductions or credited cash dividends of a Participant in the Plan.

10. *Ordinary Shares*

a. Subject to adjustment upon Changes in Capitalization of the Company as provided in Section 17 hereof, with respect to calendar year 2003, the maximum number of Ordinary Shares which shall be reserved for sale under the Plan shall be 500,000; provided that such maximum number of Ordinary Shares shall increase each year after calendar year 2003 by the lesser of (x) 250,000 Ordinary Shares, or (y) one and a half percent (1.5%) of the total number of outstanding Ordinary Shares as of December 31st of the immediately preceding calendar year. If the total number of Ordinary Shares which would otherwise be subject to options granted pursuant to Section 4.a. hereof on an Offering Date exceeds the number of Ordinary Shares then available under the Plan (after deduction of all shares for which options have previously been exercised or are then outstanding), the Committee shall make a pro rata allocation of the shares remaining available for option grant under the Plan in as uniform a manner as shall be practicable and as it shall determine to be equitable. In such event, the Company shall give written notice to each

Participant of such reduction of the number of option shares affected thereby and shall similarly reduce the rate of payroll deductions, if necessary.

b. Ordinary Shares to be delivered to a Participant under the Plan will be registered in the name of the Participant or, at the election of the Participant, in the name of the Participant and another person as joint tenants with rights of survivorship.

11. *Administration* The Plan shall be administered by the Committee, and the Committee may select an administrator to whom its duties and responsibilities hereunder may be delegated. The appointment of the Committee and the administration of the Plan by the Committee shall be in accordance with any applicable requirements of the Israeli Companies Law, Israeli tax law and any applicable non-Israeli tax, securities and other laws. The Committee shall have full power and authority, subject to the provisions of the Plan, to promulgate such rules and regulations as it deems necessary for the proper administration of the Plan, to interpret the provisions and supervise the administration of the Plan, and to take all action in connection therewith or in relation thereto as it deems necessary or advisable. Any decision reduced to writing and signed by a majority of the members of the Committee shall be fully effective as if it had been made at a meeting duly held. The Company will pay all expenses incurred in the administration of the Plan. No member of the Committee shall be personally liable for any action, determination, or interpretation made in good faith with respect to the Plan, and all members of the Committee shall be fully indemnified by the Company with respect to any such action, determination or interpretation.

12. *Designation of Beneficiary*

a. A Participant may file, on forms supplied by and delivered to the Company, a written designation of a beneficiary who is to receive any shares and cash remaining in such Participant's account under the Plan in the event of the Participant's death.

b. Such designation of beneficiary may be changed by the Participant at any time by written notice. In the event of the death of a Participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant's death, the Company shall deliver such shares and/or cash to the executor or administrator of the estate of the Participant or, if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, will deliver such shares and/or cash to the legal heirs of the Participant.

13. *Limitations on Transferability.* Neither payroll deductions credited to a Participant's account nor any rights with regard to the exercise of an option or to receive shares under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 12 hereof) by the Participant. Any such attempt at assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw funds in accordance with Section 8 hereof. Any ADRs or Ordinary Shares acquired upon exercise of options shall be transferable only in accordance with applicable securities and other local laws, and may be subject to substantial statutory or regulatory restrictions on transfer except to the extent exemptions (whether by registration or otherwise) are available.

14. *Use of Funds.* All payroll deductions received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions.

15. *Reports.* Individual accounts will be maintained for each Participant in the Plan. Statements of account will be given to Participants as soon as practicable following each Offering Period, which statements will set forth the amounts of payroll deductions, the per share purchase price, the number of Ordinary Shares purchased, the aggregate shares in the Participant's account and the remaining cash balance, if any.

16. *Withholding; Other Taxes; Information.* The Company may, in its discretion, require that, prior to crediting to the Participant's account ADRs or Ordinary Shares, the Participant: (a) pay in the form of cash or certified check or money order to the Company any amount as the Company determines that it is required to withhold under applicable national, state or local tax laws in respect of the exercise of an option or the transfer of ADRs or Ordinary Shares, which amounts may, in the Company's discretion and subject to applicable law, in the alternative be withheld from the Optionee's salary, wages or other compensation payments; (b) agree to be responsible for, and indemnify the Company from and against, any claim for payment of any other tax or duty that may become payable in connection with the exercise of an option or the transfer of ADRs or Ordinary Shares, which amounts may, in the Company's discretion and subject to applicable law, in the alternative be withheld from the Optionee's salary, wages or other compensation payments; and (c) agree to, if requested at any time by the Company, provide to the Company within 10 calendar days of such request, any information regarding the transfer or other disposition of ADRs or Ordinary Shares reasonably required by the Company in order for the Company to comply with applicable local laws and regulations or obtain any benefits thereunder.

17. *Effect of Certain Changes.* In the event of a Change in Capitalization or the Company's distribution of an extraordinary dividend, the Committee shall conclusively determine the appropriate equitable adjustments, if any, to be made under the Plan, including without limitation adjustments to the number of Ordinary Shares which have been authorized for issuance under the Plan but have not yet been placed under option, as well as the price per Ordinary Share covered by each option under the Plan which has not yet been exercised.

18. *Amendment or Termination*

a. The Board may at any time terminate or amend the Plan, provided, however, that no such termination can adversely affect options previously granted and no amendment may make any change in any option theretofore granted which adversely affects the rights of any Participant. No amendment shall be effective unless approved by the shareholders of the Company if shareholder approval of such amendment is required to comply with Section 423 of the Code, with applicable rules and regulations under the Exchange Act or to comply with any other law, regulation or stock exchange rule.

b. Notwithstanding any other provision of the Plan to the contrary, the Plan shall terminate as of the date on which all of the Ordinary Shares reserved for sale under the Plan have been sold; provided that the terms and conditions of the Plan shall survive until all Ordinary Shares held in Participants' account have been distributed.

19. *Notices.* All notices or other communications by a Participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

20. *Effective Date.* This Amended and Restated Plan, as amended and restated as set forth above, shall be effective as of the date adopted by the Board, subject to the approval of the Plan by the shareholders of the Company within twelve (12) months of the date on which the amended and restated Plan is adopted.

**NICE SYSTEMS LTD.
1999 AMENDED AND RESTATED EMPLOYEE STOCK PURCHASE PLAN**

United States Participant Requirements

1. It is the intention of the Company that the Plan qualify as an "Employee Stock Purchase Plan" within the meaning of Section 423 of the Code, and the provisions of the Plan shall be construed in a manner consistent with the requirements of such Section of the Code.

2. "U.S. Participant" shall mean a Participant who is subject to the income tax laws under the Code.

3. With respect to a U.S. Participant, the term "Compensation" shall mean salary or wages as reported by the Company to the United States government for federal income tax purposes, including an Employee's portion of salary deferral contributions pursuant to Section 401 (k) of the Code and any amount excludable pursuant to Section 125 of the Code, but including or excluding, in the discretion of the Committee but subject at all times to any minimum or maximum limits or non-discrimination requirements under the Code, any bonus, fee, overtime pay, severance pay, expenses or other special emolument or any credit or benefit under any employee plan maintained by the Company.

4. If a Participant makes a disposition, within the meaning of Section 424 (c) of the Code and regulations promulgated thereunder, of any share or shares issued to such Participant pursuant to such Participant's exercise of an option under the Plan, and such disposition occurs within the two-year period commencing on the day after the Offering Date or within the one-year period commencing on the day after the exercise date, such Participant shall, within ten (10) days of such disposition, notify the Company thereof and thereafter immediately deliver to the Company any amount of Federal, state or local income taxes and other amounts which the Company informs the Participant the Company is required to withhold. The foregoing shall be in addition to any other withholding or reporting requirements set forth in the Plan.

QuickLinks

[Exhibit 4.4](#)

[Appendix A](#)

[United States Participant Requirements](#)

[QuickLinks](#) -- Click here to rapidly navigate through this document

EXHIBIT 5

[Letterhead of Goldfarb, Levy, Eran & Co.]

December 12, 2003

NICE Systems Ltd.
8 Hapnina Street
P.O. Box 690
Ra'anana 43107
Israel

Ladies and Gentlemen:

We refer to the Registration Statement on Form S-8 (the "Registration Statement") to be filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Act"), on behalf of NICE Systems Ltd. (the "Company"), relating to 1,750,000 of the Company's Ordinary Shares, NIS 1.00 nominal value per share, issuable under the NICE Systems Ltd. Amended and Restated Employee Stock Purchase Plan (the "Plan").

We are members of the Israel Bar and we express no opinion as to any matter relating to the laws of any jurisdiction other than the laws of Israel.

In connection with this opinion, we have examined such corporate records, other documents, and such questions of Israeli law as we have considered necessary or appropriate for the purposes of this. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of documents submitted to us as certified or photostatic copies, the authenticity of the originals of such copies and the due constitution of the Board of Directors of the Company.

Based on the foregoing and subject to the qualifications stated herein, we advise you that in our opinion, the shares being registered pursuant to the Registration Statement, when issued in accordance with the Plan, will be duly authorized, validly issued, fully paid and non-assessable.

We hereby consent to the filing of this opinion as part of the Registration Statement. This consent is not to be construed as an admission that we are a person whose consent is required to be filed with the Registration Statement under the provisions of the Act.

Very truly yours,

/s/ GOLDFARB, LEVY, ERAN & CO.

Goldfarb, Levy, Eran & Co.

QuickLinks

[EXHIBIT 5](#)

[\[Letterhead of Goldfarb, Levy, Eran & Co.\]](#)

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EXHIBIT 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8) pertaining to the NICE Systems Ltd. amended and restated 1999 employee stock purchase plan, of our report dated May 28, 2003 with respect to the consolidated financial statements of NICE Systems Ltd. for the year ended December 31, 2002 which is included in its Annual Report (Form 20-F), filed with the Securities and Exchange Commission.

/s/ Kost Forer & Gabbay
KOST FORER & GABBAY
A Member of Ernst & Young Global

Tel-Aviv, Israel
December 12, 2003

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[EXHIBIT 23.1](#)
[CONSENT OF INDEPENDENT AUDITORS](#)

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