



## Fourth Quarter Results for Fiscal 2007

October 31, 2007

**Amdocs Reports Growth in Quarterly Diluted Non-GAAP Earnings Per Share to \$0.54; Diluted GAAP Earnings Per Share of \$0.43**

Key highlights:

- Fourth quarter revenue increased 9% to \$727 million, in line with guidance
- 8% increase in fourth quarter diluted non-GAAP EPS, excluding acquisition-related costs and equity-based compensation expense, net of related tax effects, to \$0.54, in line with guidance
- Diluted GAAP EPS of \$0.43 for the quarter
- Free cash flow of \$68 million for the quarter
- Fiscal 2007 revenue of \$2.84 billion; diluted non-GAAP earnings per share of \$2.14; diluted GAAP earnings per share of \$1.65
- First quarter fiscal 2008 guidance: Expected revenue of approximately \$735-\$745 million and diluted non-GAAP EPS of \$0.55-\$0.57, excluding acquisition-related costs and approximately \$0.05-\$0.06 per share of equity-based compensation expense, net of related tax effects. Diluted GAAP EPS is expected to be approximately \$0.43-\$0.46
- Fiscal 2008 guidance: Expected revenue of approximately \$3.05-\$3.15 billion and diluted non-GAAP EPS of \$2.29-\$2.39, excluding acquisition-related costs and approximately \$0.20-\$0.23 per share of equity-based compensation expense, net of related tax effects. Diluted GAAP EPS is expected to be approximately \$1.82-\$1.95

**St. Louis, MO – October 31, 2007** – Amdocs Limited (NYSE: DOX) today reported that for the quarter ended September 30, 2007, revenue was \$726.7 million, an increase of 9.2% from last year's fourth quarter. Net income on a non-GAAP basis was \$120.7 million, or \$0.54 per diluted share (excluding acquisition-related costs, which include amortization of purchased intangible assets, and excluding equity-based compensation expense, net of related tax effects, of \$24.5 million), compared to non-GAAP net income of \$109.5 million, or \$0.50 per diluted share, in the fourth quarter of fiscal 2006 (excluding acquisition-related costs, which include amortization of purchased intangible assets and the write-off of in-process research and development, and excluding equity-based compensation expense, net of related tax effects, of \$33.6 million). The Company's GAAP net income was \$96.2 million, or \$0.43 per diluted share, compared to GAAP net income of \$76.0 million, or \$0.35 per diluted share, in the fourth quarter of fiscal 2006. Free cash flow for the quarter was \$68.1 million, comprised of cash flow from operations of \$107.2 million less \$39.1 million in net capital expenditures and other.

"Our solid growth in this quarter is a continuation of the success that we have had in fiscal 2007," said Dov Baharav, chief executive officer of Amdocs Management Limited. "During the year, we expanded our relationship with many of our key customers and delivered for them the customer experience systems that they need in order to succeed in a highly competitive market. Our real-life experience in this market, our ability to cope with complexity and our track record of successful delivery set us apart from the competition. Armed with the best products and a full range of services, we believe that Amdocs is well positioned for growth in fiscal 2008. We are seeing good demand in the market for our offerings, and based on specific opportunities that we are pursuing today, we expect to accelerate our growth rate during fiscal 2008 as the year progresses."

Amdocs had numerous wins across lines of business and geographies in the fourth quarter. Among those are two managed services projects including modernization and consolidation of systems, a transformation project including business process consulting, modernization and implementation for a leading provider of quadruple-play services in Europe, a new project supporting one of the largest wireless providers in Latin America, and several cable wins including a new logo in Europe.

For the fiscal year ended September 30, 2007, revenue increased by 14.4% to \$2.84 billion. Fiscal 2007 net income on a non-GAAP basis was \$473.9 million, or \$2.14 per diluted share (excluding acquisition-related costs, which include amortization of purchased intangible assets, in-process research and development write-off and other, restructuring charges, and equity-based compensation expense, net of related tax effects, of \$108.9 million), compared to non-GAAP net income of \$401.2 million, or \$1.85 per diluted share, in fiscal 2006 (excluding acquisition-related costs, which include amortization of purchased intangible assets, in-process research and development write-off and equity-based compensation expense, net of related tax effects, of \$82.6 million). The Company's GAAP net income in fiscal 2007 was \$364.9 million, or \$1.65 per diluted share, compared to GAAP net income of \$318.6 million, or \$1.48 per diluted share, in fiscal 2006.

### Financial Outlook

Amdocs expects that revenue for the first quarter of fiscal 2008 will be approximately \$735-\$745 million. Diluted earnings per share on a non-GAAP basis for the first quarter are expected to be \$0.55-\$0.57, excluding acquisition-related costs and approximately \$0.05-\$0.06 per share of equity-based compensation expense, net of related tax effects. Diluted GAAP EPS is expected to be approximately \$0.43-\$0.46.

Fiscal 2008 guidance: Expected revenue of approximately \$3.05-\$3.15 billion and diluted non-GAAP EPS of \$2.29-\$2.39, excluding acquisition-related costs and approximately \$0.20-\$0.23 per share of equity-based compensation expense, net of related tax effects. Diluted GAAP EPS is expected to be approximately \$1.82-\$1.95.

Amdocs will host a conference call on October 31, 2007 at 5 p.m. Eastern Time to discuss the Company's fourth quarter results. The call will be carried live on the Internet via [www.investorcalendar.com](http://www.investorcalendar.com) and the Amdocs website, [www.amdocs.com](http://www.amdocs.com).

### **Non-GAAP Financial Measures**

This release includes non-GAAP diluted earnings per share and other non-GAAP financial measures, including free cash flow, non-GAAP cost of service, non-GAAP research and development, non-GAAP selling, general and administrative, non-GAAP operating income, non-GAAP income taxes and non-GAAP net income. These non-GAAP measures exclude the following items:

- amortization of purchased intangible assets;
- in-process research and development write-off and other;
- restructuring charges;
- equity-based compensation expense; and
- tax effects related to the above.

These non-GAAP financial measures are not in accordance with, or an alternative for, generally accepted accounting principles and may be different from non-GAAP financial measures used by other companies. In addition, these non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles. Amdocs believes that non-GAAP financial measures have limitations in that they do not reflect all of the amounts associated with Amdocs' results of operations as determined in accordance with GAAP and that these measures should only be used to evaluate Amdocs' results of operations in conjunction with the corresponding GAAP measures.

Amdocs believes that the presentation of non-GAAP diluted earnings per share and other financial measures, including free cash flow, non-GAAP cost of service, non-GAAP research and development, non-GAAP selling, general and administrative, non-GAAP operating income, non-GAAP income taxes and non-GAAP net income, when shown in conjunction with the corresponding GAAP measures, provides useful information to investors and management regarding financial and business trends relating to its financial condition and results of operations as well as the net amount of cash generated by its business operations after taking into account capital spending required to maintain or expand the business.

For its internal budgeting process and in monitoring the results of the business, Amdocs' management uses financial statements that do not include amortization of purchased intangible assets, in-process research and development write-off and other, restructuring charges, equity-based compensation expense, and related tax effects. Amdocs' management also uses the foregoing non-GAAP financial measures, in addition to the corresponding GAAP measures, in reviewing the financial results of Amdocs. In addition, Amdocs believes that significant groups of investors exclude these non-cash expenses in reviewing its results and those of its competitors, because the amounts of the expenses between companies can vary greatly depending on the assumptions used by an individual company in determining the amounts of the expenses.

Amdocs further believes that, where the adjustments used in calculating non-GAAP diluted earnings per share are based on specific, identified amounts that impact different line items in the Consolidated Statements of Income (including cost of service, research and development, selling, general and administrative, operating income, income taxes and net income), it is useful to investors to understand how these specific line items in the Consolidated Statements of Income are affected by these adjustments.

Please refer to the Reconciliation of Selected Financial Metrics from GAAP to Non-GAAP tables below.

### **About Amdocs**

Amdocs is the market leader in customer experience systems innovation, enabling world-leading service providers to deliver an integrated, innovative and the intentional customer experience™ – at every point of service. Amdocs provides solutions that deliver customer experience excellence, combining the software, service and expertise to help its customers execute their strategies and achieve service, operational and financial excellence. A global company with revenue of \$2.84 billion in fiscal 2007, Amdocs has over 16,000 employees and serves customers in more than 50 countries around the world. For more information, visit Amdocs at [www.amdocs.com](http://www.amdocs.com).

This press release includes information that constitutes forward-looking statements made pursuant to the safe harbor provision of the Private Securities Litigation Reform Act of 1995, including statements about Amdocs growth and business results in future quarters. Although we believe the expectations reflected in such forward-looking statements are based upon reasonable assumptions, we can give no assurance that our expectations will be obtained or that any deviations will not be material. Such statements involve risks and uncertainties that may cause future results to differ from those anticipated. These risks include, but are not limited to, the effects of general economic conditions, Amdocs ability to grow in the business markets that it serves, Amdocs ability to successfully integrate acquired businesses, adverse effects of market competition, rapid technological shifts that may render the Company's products and services obsolete, potential loss of a major customer, our ability to develop long-term relationships with our customers, and risks associated with operating businesses in the international market. Amdocs may elect to update these forward-looking statements at some point in the future; however, the Company specifically disclaims any obligation to do so. These and other risks are discussed at greater length in the Company's filings with the Securities and Exchange Commission, including in our Annual Report on Form 20-F for the fiscal year ended September 30, 2006 and in our quarterly Form 6-K furnished on February 6, May 11 and August 6, 2007.

AMDOCS LIMITED

Consolidated Statements of Income

(in thousands, except per share data)

	Three months ended September 30,		Twelve months ended September 30,	
	2007	2006	2007	2006
Revenue:				
License	\$ 46,266	\$ 31,113	\$ 159,357	\$ 116,285
Service	680,423	634,332	2,676,816	2,363,765
	<u>726,689</u>	<u>665,445</u>	<u>2,836,173</u>	<u>2,480,050</u>
Operating expenses:				
Cost of license	869	1,030	3,914	4,003
Cost of service	461,692	414,813	1,792,468	1,579,823
Research and development	55,515	55,368	230,444	186,760
Selling, general and administrative	95,299	86,708	370,194	313,997
Amortization of purchased intangible assets	19,174	14,022	74,959	37,610
Restructuring charges, in-process research and development and other (1)	-	17,310	6,761	25,725
	<u>632,549</u>	<u>589,251</u>	<u>2,478,740</u>	<u>2,147,918</u>
Operating income	<u>94,140</u>	<u>76,194</u>	<u>357,433</u>	<u>332,132</u>
Interest income and other, net	13,638	8,082	50,566	41,741
Income before income taxes	<u>107,778</u>	<u>84,276</u>	<u>407,999</u>	<u>373,873</u>
Income taxes	11,535	8,321	43,062	55,237
Net income	<u>\$ 96,243</u>	<u>\$ 75,955</u>	<u>\$ 364,937</u>	<u>\$ 318,636</u>
Basic earnings per share	<u>\$ 0.46</u>	<u>\$ 0.37</u>	<u>\$ 1.76</u>	<u>\$ 1.57</u>
Diluted earnings per share (2)	<u>\$ 0.43</u>	<u>\$ 0.35</u>	<u>\$ 1.65</u>	<u>\$ 1.48</u>
Basic weighted average number of shares outstanding	<u>209,371</u>	<u>205,330</u>	<u>207,646</u>	<u>203,194</u>
Diluted weighted average number of shares outstanding	<u>224,033</u>	<u>221,236</u>	<u>223,256</u>	<u>218,534</u>

- (1) Restructuring charges, in-process research and development and other for the twelve months ended September 30, 2007 include the following: restructuring charges of \$6,011, in-process research and development of \$2,666 offset by other acquisition related income of \$1,916. Restructuring charges, in-process research and development and other for the three and twelve months ended September 30, 2006 include in-process research and development of \$17,310 and \$25,725, respectively.
- (2) To reflect the impact of assumed conversion of the convertible notes, \$985 and \$3,940, representing interest expense and amortization of issuance costs, were added back to net income for the three and twelve months ended September 30, 2007, respectively, and \$985 and \$3,948 were added back to net income for the three and twelve months ended September 30, 2006, respectively, for the purpose of computing diluted earnings per share.

**AMDOCS LIMITED**  
**Selected Financial Metrics**  
(In thousands, except per share data)

	Three months ended		Twelve months ended	
	September 30,		September 30,	
	2007	2006	2007	2006
Revenue	\$ 726,689	\$ 665,445	\$ 2,836,173	\$ 2,480,050
Non-GAAP operating income	126,931	121,756	492,740	441,645
Non-GAAP net income	120,708	109,533	473,871	401,211
Non-GAAP diluted earnings per share (1)	\$ 0.54	\$ 0.50	\$ 2.14	\$ 1.85
Diluted weighted average number of shares outstanding	224,033	221,236	223,256	218,534

- (1) To reflect the impact of assumed conversion of the convertible notes, \$965 and \$3,940, representing interest expense and amortization of issuance costs, were added back to net income for the three and twelve months ended September 30, 2007, respectively, and \$965 and \$3,948 were added back to net income for the three and twelve months ended September 30, 2006, respectively, for the purpose of computing diluted earnings per share.

**AMDOCS LIMITED**  
**Reconciliation of Selected Financial Metrics from GAAP to Non-GAAP**  
(In thousands)

	Three months ended				
	September 30, 2007				
	GAAP	Reconciliation items			Non-GAAP
Amortization of purchased intangible assets		Equity based compensation expense	Tax effect		
Operating expenses:					
Cost of license	\$ 869	\$ -	\$ -	\$ -	\$ 869
Cost of service	461,692	-	(6,504)	-	455,188
Research and development	55,515	-	(1,475)	-	54,040
Selling, general and administrative	95,299	-	(5,638)	-	89,661
Amortization of purchased intangible assets	19,174	(19,174)	-	-	-
Total operating expenses	632,549	(19,174)	(13,617)	-	599,758
Operating income	94,140	19,174	13,617	-	126,931
Income taxes	11,535	-	-	8,326	19,861
Net income	\$ 96,243	\$ 19,174	\$ 13,617	\$ (8,326)	\$ 120,708

**AMDOCS LIMITED**  
**Reconciliation of Selected Financial Metrics from GAAP to Non-GAAP**  
(In thousands)

Three months ended  
September 30, 2006

	Reconciliation Items					Non-GAAP
	GAAP	Amortization of purchased intangible assets	In-process research and development	Equity based compensation expense	Tax effect	
Operating expenses:						
Cost of license	\$ 1,030	\$ -	\$ -	\$ -	\$ -	\$ 1,030
Cost of service	414,813	-	-	(5,805)	-	409,008
Research and development	55,368	-	-	(1,670)	-	53,698
Selling, general and administrative	86,708	-	-	(6,755)	-	79,953
Amortization of purchased intangible assets	14,022	(14,022)	-	-	-	-
In-process research and development	17,310	-	(17,310)	-	-	-
<b>Total operating expenses</b>	<b>589,251</b>	<b>(14,022)</b>	<b>(17,310)</b>	<b>(14,230)</b>	<b>-</b>	<b>543,689</b>
<b>Operating income</b>	<b>76,194</b>	<b>14,022</b>	<b>17,310</b>	<b>14,230</b>	<b>-</b>	<b>121,756</b>
Income taxes	8,321	-	-	-	11,984	20,305
<b>Net income</b>	<b>\$ 75,955</b>	<b>\$ 14,022</b>	<b>\$ 17,310</b>	<b>\$ 14,230</b>	<b>\$(11,984)</b>	<b>\$ 109,533</b>