



First Quarter Results for Fiscal 2007

January 17, 2007

Amdocs Reports 26% Growth in Quarterly Diluted Non-GAAP Earnings Per Share to \$0.53; Diluted GAAP Earnings Per Share of \$0.42

Key highlights:

- First quarter revenue increased 18% to \$691 million
- 26% increase in first quarter diluted non-GAAP EPS, excluding acquisition-related costs and equity-based compensation expense, net of related tax effects, to \$0.53
- Diluted GAAP EPS of \$0.42
- Free cash flow of \$49 million
- Announced pending acquisition of SigValue Technologies, Inc., expanding Amdocs offering for fast-growing emerging markets
- Second quarter fiscal 2007 guidance: Expected revenue of approximately \$705 million and diluted non-GAAP EPS of \$0.49 - \$0.51, excluding acquisition-related costs, restructuring charges 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 \$0.35-\$0.39
- Updated fiscal 2007 guidance: Expected revenue of approximately \$2.83-\$2.91 billion and diluted non-GAAP EPS of \$2.02-\$2.12, which exclude acquisition-related costs, restructuring charges and approximately \$0.21-\$0.24 per share of equity-based compensation expense, net of related tax effects. Diluted GAAP EPS is expected to be approximately \$1.54-\$1.68

St. Louis, MO – January 17, 2007 – Amdocs Limited (NYSE: DOX) today reported that for the quarter ended December 31, 2006, revenue was \$691.0 million, an increase of 17.7% from last year's first quarter. Net income on a non-GAAP basis was \$118.1 million, or \$0.53 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 \$24.8 million), compared to non-GAAP net income of \$90.0 million, or \$0.42 per diluted share, in the first quarter of fiscal 2006 (excluding acquisition-related costs, which include amortization of purchased intangible assets, and equity-based compensation expense, net of related tax effects, of \$14.7 million). The Company's GAAP net income was \$93.3 million, or \$0.42 per diluted share, compared to GAAP net income of \$75.3 million, or \$0.36 per diluted share, in the first quarter of fiscal 2006. Free cash flow for the quarter was \$49.1 million, comprised of cash flow from operations of \$99.1 million less \$50.0 million in net capital expenditures. In the first quarter of fiscal 2007, the Company successfully resolved a tax audit of a prior fiscal year that resulted in the release of certain tax reserves and a decrease in income tax expense for the quarter. The release of tax reserves attributable to the conclusion of the tax audit, as well as changes in the Company's tax reserves made during the quarter in the ordinary course of business, accounted for \$8.7 million of the Company's non-GAAP net income for the quarter of \$118.1 million. Excluding the effect of this release, the Company would have reported non-GAAP EPS of \$0.50 and GAAP EPS of \$0.38. The Company expects its non-GAAP effective tax rate for fiscal 2007 (excluding the tax effect of acquisition-related costs, restructuring charges and equity-based compensation expense) to be between 14% and 17%. The GAAP effective tax rate is expected to be between 10% and 14%.

"We are pleased to report another quarter with record revenue and strong earnings," said Dov Baharav, chief executive officer of Amdocs Management Limited. "Overall, our existing business remains strong. Transformation projects driven by the need to address consolidation and convergence continue to drive demand for our products and services. The adoption of large transformation projects is somewhat slower than we had been predicting and this has caused us to slightly reduce our revenue estimate for fiscal 2007. We continue to see these consolidation and convergence projects as a long-term industry trend which should provide Amdocs with growth opportunities for years to come. We recognize that we operate in a challenging and changing environment. We remain focused on executing on our strategy and remain optimistic regarding our outlook for fiscal 2007 and beyond."

Amdocs new business included 13 wins across geographies and lines of business, including some smaller deals related to the recent Cramer and Qpass acquisitions. A customer in Asia has signed a five-year contract which will include an upgrade to Amdocs 7 functionality to support its more than 10 million subscribers. Amdocs will be the systems integrator for this deployment. In Europe, another existing customer has chosen to upgrade to Amdocs 7. The OSS division of Amdocs, which includes Cramer, continued its success with several new deals with customers in North America, Europe and elsewhere. An existing Amdocs customer has signed a five year agreement to support its billing, ordering and CRM systems.

Financial Outlook

Amdocs expects that revenue for the second quarter of fiscal 2007 will be approximately \$705 million. Diluted earnings per share on a non-GAAP basis for the second quarter are expected to be \$0.49-\$0.51, excluding acquisition-related costs, restructuring charges and the impact of 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 \$0.35-\$0.39.

In connection with some restructuring and cost containment actions, Amdocs expects to incur a pre-tax charge of approximately \$6 to \$9 million in the

quarter ended March 31, 2007, primarily for severance and other employee-related items.

Updated fiscal 2007 guidance: Expected revenue of approximately \$2.83-\$2.91 billion and diluted non-GAAP EPS of \$2.02-\$2.12, which excludes acquisition-related costs, restructuring charges and approximately \$0.21-\$0.24 per share of equity-based compensation expense, net of related tax effects. Diluted GAAP EPS is expected to be approximately \$1.54-\$1.68.

Amdocs will host a conference call on January 17, 2007 at 5 p.m. Eastern Time to discuss the Company's first quarter results. The call will be carried live on the Internet via www.InvestorCalendar.com and the Amdocs website, 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 effective tax rate and non-GAAP net income. These non-GAAP measures exclude the following items:

- amortization of purchased intangible assets;
- 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 effective tax rate 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, 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 combines innovative software and services with deep business knowledge to accelerate implementation of integrated customer management by the world's leading service providers. By delivering a comprehensive portfolio of software and services that spans the customer lifecycle, Amdocs enables service companies to deliver an intentional customer experienceTM, which results in stronger, more profitable customer relationships. Service providers also benefit from a rapid return on investment, lower total cost of ownership and improved operational efficiencies. A global company with revenue of \$2.48 billion in fiscal 2006, 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.

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, filed on December 13, 2006.

Contact:

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AMDOCS LIMITED**Consolidated Statements of Income**
(in thousands, except per share data)

	Three months ended	
	December 31,	
	2006	2005
Revenue:		
License	\$ 31,744	\$ 31,661
Service	659,288	555,367
	<u>691,032</u>	<u>587,028</u>
Operating expenses:		
Cost of license	1,069	1,062
Cost of service	435,121	374,051
Research and development	60,468	43,114
Selling, general and administrative	89,170	78,550
Amortization of purchased intangible assets	17,698	7,572
	<u>603,526</u>	<u>504,349</u>
Operating income	87,506	82,679
Interest income and other, net	11,739	8,414
Income before income taxes	<u>99,245</u>	<u>91,093</u>
Income taxes	5,903	15,759
Net income	<u>\$ 93,342</u>	<u>\$ 75,334</u>
Basic earnings per share	<u>\$ 0.45</u>	<u>\$ 0.38</u>
Diluted earnings per share (1)	<u>\$ 0.42</u>	<u>\$ 0.36</u>
Basic weighted average number of shares outstanding	<u>206,450</u>	<u>200,525</u>
Diluted weighted average number of shares outstanding	<u>222,718</u>	<u>214,871</u>

- (1) To reflect the impact of assumed conversion of the convertible notes, \$985 and \$1,000, representing interest expense and amortization of issuance costs, were added back to net income for the three months ended December 31, 2006 and 2005, respectively, for the purpose of computing diluted earnings per share.

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

	Three months ended	
	December 31,	
	2006	2005
Revenue	\$ 691,032	\$ 587,028
Non-GAAP operating income	120,529	101,311
Non-GAAP net income	118,116	89,975
Non-GAAP diluted earnings per share (1)	\$ 0.53	\$ 0.42
Diluted weighted average number of shares outstanding	222,718	214,871

- (1) To reflect the impact of assumed conversion of the convertible notes, \$985 and \$1,000, representing interest expense and amortization of issuance costs, were added back to net income for the three months ended December 31, 2006 and 2005, 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				Non-GAAP
	December 31, 2006				
	Reconciliation items				
GAAP	Amortization of purchased intangible assets	Equity based compensation expense	Tax effect		
Operating expenses:					
Cost of license	\$ 1,069	\$ -	\$ -	\$ -	\$ 1,069
Cost of service	435,121	-	(6,322)	-	428,799
Research and development	60,468	-	(1,778)	-	58,690
Selling, general and administrative	89,170	-	(7,225)	-	81,945
Amortization of purchased intangible assets	17,698	(17,698)	-	-	-
Total operating expenses	603,526	(17,698)	(15,325)	-	570,503
Operating income	87,506	17,698	15,325	-	120,529
Income taxes	5,903	-	-	8,249	14,152
Net income	\$ 93,342	\$ 17,698	\$ 15,325	\$ (8,249)	\$ 118,116

**Three months ended
December 31, 2005**

	Reconciliation items				Non-GAAP
	GAAP	Amortization of purchased intangible assets	Equity based compensation expense	Tax effect	
Operating expenses:					
Cost of license	\$ 1,062	\$ -	\$ -	\$ -	\$ 1,062
Cost of service	374,051	-	(4,355)	-	369,696
Research and development	43,114	-	(1,089)	-	42,025
Selling, general and administrative	78,550	-	(5,616)	-	72,934
Amortization of purchased intangible assets	7,572	(7,572)	-	-	-
Total operating expenses	504,349	(7,572)	(11,060)	-	485,717
Operating income	82,679	7,572	11,060	-	101,311
Income taxes	15,759	-	-	3,991	19,750
Net income	\$ 75,334	\$ 7,572	\$ 11,060	\$ (3,991)	\$ 89,975

AMDOCS LIMITED
Condensed Consolidated Balance Sheets
(in thousands)

	As of	
	December 31, 2006	September 30, 2006
ASSETS		
Current assets		
Cash, cash equivalents and short-term interest-bearing investments	\$ 1,018,530	\$ 979,381
Accounts receivable, net, including unbilled of \$60,866 and \$54,117 respectively	419,438	425,805
Deferred income taxes and taxes receivable	135,534	136,044
Prepaid expenses and other current assets	90,724	97,476
Total current assets	1,664,226	1,638,706
Equipment, vehicles and leasehold improvements, net	227,644	220,290
Goodwill and other intangible assets, net	1,805,963	1,809,322
Other noncurrent assets	312,860	294,510
Total assets	\$ 4,010,693	\$ 3,962,828

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities

Accounts payable and accruals	\$ 567,004	\$ 597,107
Short-term portion of capital lease obligations and other financing arrangements	1,985	1,963
Deferred revenue	211,212	253,376
Deferred income taxes and taxes payable	173,557	179,241
Total current liabilities	<u>953,758</u>	<u>1,031,687</u>
0.50% Convertible notes	450,000	450,000
Noncurrent liabilities and other	326,254	326,976
Shareholders' equity	2,280,681	2,154,165
Total liabilities and shareholders' equity	<u>\$ 4,010,693</u>	<u>\$ 3,962,828</u>