



First Quarter Results for Fiscal 2006

January 18, 2006

24% Growth in Diluted Earnings Per Share Before Certain Items to \$0.42; Diluted GAAP EPS of \$0.36

Key highlights:

- First quarter revenue grew 25% to \$587 million
- 24% increase in first quarter diluted EPS, excluding acquisition-related costs and equity-based compensation expense, net of related tax effects, to \$0.42; Exceeds guidance of \$0.40
- Diluted GAAP EPS of \$0.36
- Free cash flow of \$69 million for the quarter
- After the quarter, Sprint Nextel selected Amdocs to provide a single platform to support its more than 46 million wireless subscribers
- Second quarter fiscal 2006 guidance: Expected revenue of approximately \$600 million and diluted EPS of \$0.42, excluding acquisition-related costs, net of related tax effects, and approximately \$0.04-\$0.05 per share of equity-based compensation expense. Diluted GAAP EPS is expected to be approximately \$0.35-\$0.36
- Updated fiscal 2006 guidance: Expected revenue of approximately \$2.42-\$2.47 billion and diluted EPS of \$1.68-\$1.72, excluding acquisition-related costs, net of related tax effects, and approximately \$0.16-\$0.19 per share of equity-based compensation expense. Diluted GAAP EPS is expected to be approximately \$1.40-\$1.47

St. Louis, MO – January 18, 2006 – Amdocs Limited (NYSE: DOX) today reported that for the first quarter ended December 31, 2005, revenue was \$587.0 million, an increase of 25.0% from last year's first quarter. Excluding acquisition-related costs and equity-based compensation expense, net of related tax effects, of \$14.7 million, net income was \$90.0 million, or \$0.42 per diluted share, compared to net income, excluding \$3.0 million of acquisition-related costs net of related tax effects, of \$72.4 million, or \$0.34 per diluted share, in the first quarter of fiscal 2005. The Company's net income was \$75.3 million, or \$0.36 per diluted share, compared to net income of \$69.4 million, or \$0.32 per diluted share, in the first quarter of fiscal 2005. Free cash flow, defined as cash flow from operations less net capital expenditures and principal payments on capital leases, was \$69.3 million in the quarter.

Dov Baharav, Chief Executive Officer of Amdocs Management Limited, said, "We continue to execute according to plan as shown by our very good financial performance and the new business we signed during the quarter. Many of this quarter's sales highlight the fact that service providers are looking for an integrated, best-of-suite offering that allows them to leverage their existing investments with Amdocs as they expand their system capabilities in order to cope with consolidation and industry convergence. Service providers are also looking for solutions to support rapid introduction of new, IP-based and bundled services, while reducing total cost of ownership. Our leading product offering combined with our track record of delivery in complex projects makes us the vendor of choice as we demonstrated with our nine significant new wins this quarter."

"We expect that the continuation of the industry dynamics that contributed to our success in 2005 will also drive our performance in 2006. We are the leading provider to our market and our unique ability to address these needs combined with our top-tier customer base gives us confidence that 2006 will be an exceptional year for Amdocs," continued Baharav.

The Amdocs wins in the first quarter span lines of business and geographies. They include an expansion of Amdocs activities at a major North American wireless carrier as this carrier consolidates systems across markets. In Europe, Amdocs will support an existing customer as this customer expands its MVNO-related activities. In the directory business, Amdocs is building on its long-term relationships with AT&T and BellSouth to help YELLOWPAGES.COM efficiently manage customer data and digital content, as well as to automate all online advertising workflow activities. The Company is also in the initial stages of a large project to provide software and managed services to a wireless customer in Europe.

On January 17, 2006, Sprint Nextel announced that it has reached a preliminary agreement with Amdocs to provide a single platform to support Sprint Nextel's more than 46 million wireless subscribers. Said Baharav, "We are delighted that Sprint Nextel has reconfirmed Amdocs as a strategic partner and we look forward to a long and mutually rewarding relationship with Sprint Nextel."

In the first quarter of fiscal 2006 Amdocs adopted Statement of Financial Accounting Standard No. 123 (revised 2004), *Share-based Payment*, which requires the expensing of equity-based compensation. Equity-based compensation expense was \$9.7 million, net of tax, or \$0.04 per diluted share, in the first quarter.

Financial Outlook

Amdocs expects that revenue for the second quarter of fiscal 2006 ending March 31, 2006, will be approximately \$600 million. Diluted earnings per share for the quarter are expected to be \$0.42, excluding acquisition-related costs, net of related tax effects, and the impact of approximately \$0.04-\$0.05 per share of equity-based compensation expense. Diluted GAAP EPS is expected to be approximately \$0.35-\$0.36.

Updated fiscal 2006 guidance: Expected revenue of approximately \$2.42-\$2.47 billion and diluted EPS of \$1.68-\$1.72, excluding acquisition-related costs, net of related tax effects, and approximately \$0.16-\$0.19 per share of equity-based compensation expense. Diluted GAAP EPS is expected to be approximately \$1.40-\$1.47.

Amdocs will host a conference call on January 18, 2006 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.vcall.com and the Amdocs website, www.amdocs.com.

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 experience™, 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 \$2.039 billion in fiscal 2005, Amdocs employs about 12,000 IT professionals and serves customers in more than 50 countries around the world. For more information, visit Amdocs at www.amdocs.com.

Cautionary statements

Investors are cautioned that this press release contains certain information that is not prepared in accordance with GAAP. Investors should not construe these financial measures as being superior to GAAP. The Company's management uses this financial information in its internal analysis in order to exclude the effect of acquisitions and other significant items that may have a disproportionate effect in a particular period. Accordingly, management believes that isolating the effects of such items enables management and investors to consistently analyze the critical components and results of operations of the Company's business and to have a meaningful comparison to prior periods.

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, filed on December 28, 2005.

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AMDOCS LIMITED

Consolidated Statements of Income (Unaudited)

(In thousands, except per share data)

	Three months ended December 31,	
	2005(1)	2004
Revenue:		
License	\$ 31,061	\$ 20,366
Service	555,367	449,166
	<u>587,028</u>	<u>469,532</u>
Operating expenses:		
Cost of license	1,062	1,155
Cost of service	374,051	294,947
Research and development	43,114	32,911
Selling, general and administrative	78,550	54,960
Amortization of purchased intangible assets	7,572	3,718
	<u>504,349</u>	<u>387,691</u>
Operating income	82,679	81,841
Interest income and other, net	8,414	4,959
Income before income taxes	<u>91,093</u>	<u>86,800</u>
Income taxes	15,759	17,357
Net income	<u>\$ 75,334</u>	<u>\$ 69,443</u>
Basic earnings per share	<u>\$ 0.38</u>	<u>\$ 0.34</u>
Diluted earnings per share (2)	<u>\$ 0.36</u>	<u>\$ 0.32</u>
Basic weighted average number of shares outstanding	<u>200,525</u>	<u>201,703</u>
Diluted weighted average number of shares outstanding	<u>214,871</u>	<u>217,448</u>

(1) The first quarter of fiscal 2006 includes equity-based compensation expense of \$11,060, which was classified as follows: \$4,355 to Cost of service, \$1,089 to Research and development and \$5,616 to Selling, general and administrative.

(2) To reflect the impact of assumed conversion of the convertible notes, \$1,000 and \$984 representing interest expense and amortization of issuance costs, were added back to net income for the three months ended December 31, 2005 and 2004, respectively, for the purpose of computing diluted earnings per share.

AMDOCS LIMITED

Reconciliation of Net Income to Adjusted Income and Adjusted Earnings Per Share.

(In thousands, except per share data)

The table below reflects net income and diluted earnings per share for the first quarter of fiscal 2006 compared with first quarter of fiscal 2005 including the pro forma equity based compensation expense:

	Three months ended	
	December 31,	
	2005	2004
Net income as reported for Q1 FY'05		\$ 69,443
Pro forma equity based compensation expense, net of tax, as reported for Q1 FY'05		(7,482)
Net income including the effect of equity based compensation expense	\$ 75,334	\$ 61,891
Diluted EPS as reported for Q1 FY'05		\$ 0.32
Pro forma equity based compensation expense, net of tax, per share, as reported for Q1 FY'05		(0.03)
Diluted EPS, including the effect of equity based compensation expense	\$ 0.36	\$ 0.29

AMDOCS LIMITED

Consolidated Statements of Income
Excluding Amortization of Purchased Intangible Assets,
Equity - Based Compensation Expense and Related Tax Effects

(in thousands, except per share data)

	Three months ended	
	December 31,	
	2005 (1)	2004 (1)
Revenue:		
License	\$ 31,861	\$ 20,366
Service	555,367	449,168
	<u>587,028</u>	<u>469,532</u>
Operating expenses:		
Cost of license	1,062	1,155
Cost of service	369,898	294,947
Research and development	42,025	32,911
Selling, general and administrative	72,934	54,980
	<u>485,717</u>	<u>383,973</u>
Operating income	<u>101,311</u>	<u>85,559</u>
Interest income and other, net	8,414	4,959
Income before income taxes	<u>109,725</u>	<u>90,518</u>
Income taxes	19,750	18,104
Net income	<u>\$ 89,975</u>	<u>\$ 72,414</u>
Diluted earnings per share (2)	<u>\$ 0.42</u>	<u>\$ 0.34</u>
Diluted weighted average number of shares outstanding	<u>214,871</u>	<u>217,448</u>

(1) Excludes \$7,572 and \$3,718 for amortization of purchased intangible assets, \$11,060 and \$0 for equity - based compensation expense and tax effects related to the above of \$(3,991) and \$(747) for the three months ended December 31, 2005 and 2004, respectively. Including the above items, income before income taxes was \$91,093 and \$86,800, and diluted earnings per share were \$0.36 and \$0.32 for the three months ended December 31, 2005 and 2004, respectively.

(2) To reflect the impact of assumed conversion of the convertible notes, \$1,000 and \$984 representing interest expense and amortization of issuance costs, were added back to net income for the three months ended December 31, 2005 and 2004, respectively, for the purpose of computing diluted earnings per share.

AMDOCS LIMITED

Condensed Consolidated Balance Sheets

(in thousands)

	As of	
	December 31, 2005	September 30, 2005
ASSETS		
Current assets		
Cash, cash equivalents and short-term interest-bearing investments	\$ 1,220,944	\$ 1,145,563
Accounts receivable, net, including unbilled of \$28,317 and \$28,994, respectively	343,487	304,237
Deferred income taxes and taxes receivable	106,840	101,162
Prepaid expenses and other current assets	80,681	76,780
Total current assets	<u>1,751,952</u>	<u>1,627,742</u>
Equipment, vehicles and leasehold improvements, net	168,338	181,812
Goodwill and other intangible assets, net	1,119,876	1,129,258
Other noncurrent assets	262,475	263,656
Total assets	<u>\$ 3,302,641</u>	<u>\$ 3,202,468</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accruals	\$ 475,638	\$ 462,276
Short-term portion of capital lease obligations and other financing arrangements	4,777	8,480
Deferred revenue	208,094	216,770
Deferred income taxes and taxes payable	176,222	171,377
Total current liabilities	<u>864,731</u>	<u>858,903</u>
0.50% Convertible notes	450,000	450,000
Noncurrent liabilities and other	232,943	237,113
Shareholders' equity	1,754,967	1,656,452
Total liabilities and shareholders' equity	<u>\$ 3,302,641</u>	<u>\$ 3,202,468</u>