



Third Quarter Results for Fiscal 2005

July 20, 2005

Diluted EPS Excluding Acquisition-related Items Increases 27.6%; Diluted GAAP EPS Increases 33.3%

Key highlights:

- Purchase of DST Innovis on July 1, 2005 establishes Amdocs as a leader in the broadband industry
- Agreement to acquire Longshine Information Technology Company marks Amdocs entry into mainland China
- Revenue of \$507.4 million, exceeding guidance of \$505 million
- 27.6% increase in diluted EPS, excluding acquisition-related costs net of related tax effects, to \$0.37, exceeding guidance of \$0.36
- Diluted GAAP EPS of \$0.36
- Free cash flow of \$57 million
- Fourth quarter fiscal 2005 guidance: Expected revenue of approximately \$573 million and diluted EPS of \$0.38, excluding acquisition-related costs net of related tax effects. Estimated diluted GAAP EPS will not be known until after preliminary purchase price accounting adjustments for the DST Innovis acquisition have been determined.

St. Louis, MO – July 20, 2005 – Amdocs Limited (NYSE: DOX) today reported that for the third quarter ended June 30, 2005, revenue was \$507.4 million, representing sequential growth of 3.9% and an increase of 12.7% from last year's third quarter. Excluding acquisition-related costs net of related tax effects of \$1.7 million, net income was \$78.8 million, or \$0.37 per diluted share, an increase of \$15.3 million, or 24.1%, when compared to net income, excluding \$3.6 million of acquisition-related costs net of related tax effects, of \$63.5 million, or \$0.29 per diluted share, in the third quarter of fiscal 2004. The Company's net income was \$77.1 million, or \$0.36 per diluted share, compared to net income of \$59.9 million, or \$0.27 per diluted share, in the third quarter of fiscal 2004.

"We are pleased that this quarter included significant accomplishments for Amdocs on several important fronts," said Dov Baharav, Chief Executive Officer of Amdocs Management Limited. "Demand for our market-leading products and services, which enable integrated customer management (ICM), continues to be strong. This has resulted in several significant customer wins, and drove our revenue and earnings growth, further demonstrating the leverage we realize from our position as the industry leader. At the same time, the acquisitions of DST Innovis and Longshine Information Technology expanded our addressable markets and propelled Amdocs into leadership in the broadband industry, as well as in the large and fast-growing China market. Our ability to continue to execute on our growth strategy and core business gives us great confidence in our future prospects."

Sales Highlights

During the third quarter, our new business included the following significant wins:

- Amdocs will provide an integrated billing solution to Beijing Mobile Communication Corporation (BMCC), a subsidiary of China Mobile Communication Corporation, the largest mobile company in the world with over 200 million subscribers. Working with HP China, Amdocs will help BMCC adopt an ICM strategy by integrating Amdocs Billing 6 to support pre-and post-paid customers for voice, data and advanced services.
- Amdocs has expanded its relationship with a managed services customer in the directory publishing market by signing an agreement to provide additional testing services for both Amdocs and non-Amdocs systems.
- Amdocs will install its Self Service software to enable the wholesale customers of a European carrier to self-manage their accounts.
- An existing European customer will expand its current Amdocs CRM installation. After extensive evaluation, this Tier One carrier has decided to implement the Amdocs system in its multiple retail call centers. Upon completion of the implementation, over 1,500 agents will use Amdocs CRM as their main front-end system, providing front-office functionality for customer care and campaign execution, as well as back-office functionality for correspondence management.
- Amdocs has expanded its role as a strategic partner with a major wireless operating company, which purchased additional Amdocs products and services. Amdocs will provide integration services for the rollout of the new generation customer care and billing system. This customer will rely on a wide range of Amdocs products, including Amdocs CRM, Amdocs Billing, Amdocs Partner Management and Amdocs Mediation.

Operating and Financial Highlights

During the third quarter:

- During the quarter, Amdocs negotiated the purchase of all of the common stock of DST Innovis, Inc. and DST Interactive,

Inc. (collectively, DST Innovis), wholly-owned subsidiaries of DST Systems, Inc., for approximately \$238 million in cash. This acquisition was closed on July 1, 2005. The acquisition propels Amdocs into a leadership position in the broadband industry, which includes broadband cable and satellite companies. DST Innovis provides billing and customer care solutions to the largest companies in this industry, including DIRECTV, Comcast and Cablevision, supporting about 37 million subscribers worldwide. With revenues of approximately \$233 million in 2004, DST Innovis has approximately 700 employees, predominantly located in Sacramento, California and Charlotte, North Carolina.

- Amdocs announced an agreement to acquire Longshine Information Technology Company Ltd., a privately-held, leading vendor of customer care and billing software in China. This acquisition marks Amdocs entry into mainland China. As a result, Amdocs will be able to offer the most comprehensive set of products and services to Chinese service providers and expand its presence in this large and fast-growing market. Longshine counts three of China's four largest communications service providers among its customers. Headquartered in Beijing, Longshine is present in more than 15 provinces across China and serves more than 120 million subscribers. Amdocs will acquire Longshine's outstanding shares for approximately \$30 million in cash with the possibility of additional cash consideration to be paid later based on the achievement of certain performance metrics. Completion of the acquisition is subject to certain customary closing conditions.
- Free cash flow, defined as cash flow from operations less net capital expenditures and principal payments on capital leases, was \$57 million in the quarter.

Financial Outlook

Amdocs expects that revenue for the fourth quarter of fiscal 2005 ending September 30, 2005, will be approximately \$573 million. Diluted earnings per share for the quarter are expected to be \$0.38, excluding acquisition-related costs net of related tax effects. Estimated diluted GAAP EPS will not be known until after preliminary purchase price accounting adjustments for the DST Innovis acquisition have been determined. These estimates include the expected impact from the acquisition of DST Innovis, which closed on July 1, 2005, and the pending acquisition of Longshine, expected to close in the quarter ending September 30, 2005.

Amdocs will host a conference call on July 20, 2005 at 5 p.m. Eastern Daylight Time to discuss the Company's third 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 – target, sell, deliver, bill and support – 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 the revenue of \$1.8 billion in fiscal 2004, Amdocs employs over 10,000 IT professionals and serves customers in 40 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 one-time events that may have a disproportionate effect in a particular period. Accordingly, management believes that isolating the effects of such events 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 mobile, wireline and IP business markets, 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. 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 30, 2004 and our Form 6-K furnished on February 14, 2005 and May 16, 2005.

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AMDOCS LIMITED

Consolidated Statements of Income (Unaudited)

(in thousands, except per share data)

	Three months ended June 30,		Nine months ended June 30,	
	2005	2004	2005	2004
Revenue:				
License	\$ 27,199	\$ 17,298	\$ 74,909	\$ 52,026
Service	480,156	432,926	1,390,394	1,269,251
	<u>507,355</u>	<u>450,224</u>	<u>1,465,303</u>	<u>1,321,277</u>
Operating expenses:				
Cost of license	1,125	1,448	3,278	3,807
Cost of service	324,249	283,109	929,487	833,470
Research and development	31,393	31,665	97,567	92,247
Selling, general and administrative	56,448	52,745	166,000	159,078
Amortization of purchased intangible assets	2,078	4,558	7,875	13,423
	<u>415,293</u>	<u>373,525</u>	<u>1,204,207</u>	<u>1,102,025</u>
Operating income	<u>92,062</u>	<u>76,699</u>	<u>261,096</u>	<u>219,252</u>
Interest income and other, net	4,305	121	14,944	2,899
Income before income taxes	<u>96,367</u>	<u>76,820</u>	<u>276,040</u>	<u>222,151</u>
Income taxes	19,270	16,900	55,203	48,873
Net income	<u>\$ 77,097</u>	<u>\$ 59,920</u>	<u>\$ 220,837</u>	<u>\$ 173,278</u>
Basic earnings per share	<u>\$ 0.38</u>	<u>\$ 0.29</u>	<u>\$ 1.10</u>	<u>\$ 0.82</u>
Diluted earnings per share	<u>\$ 0.36</u>	<u>\$ 0.27</u>	<u>\$ 1.03</u>	<u>\$ 0.79</u>
Basic weighted average number of shares outstanding	<u>200,494</u>	<u>206,093</u>	<u>201,453</u>	<u>210,409</u>
Diluted weighted average number of shares outstanding (1)	<u>216,570</u>	<u>222,237</u>	<u>217,608</u>	<u>220,825</u>

- (1) Diluted weighted average number of shares outstanding for the three months and nine months ended June 30, 2004 were restated, due to the adoption of EITF 04-8, "The Effect of Contingently Convertible Instruments on Diluted Earnings per Share", which requires that prior period earnings per share computations be restated to conform to the new rule. The restatement reduced diluted earnings per share by \$0.01 per share for the three months and nine months ended June 30, 2004.

AMDOCS LIMITED

Consolidated Statements of Income (Unaudited),
Excluding Amortization of Purchased Intangible Assets
and Related Tax Effects

(in thousands, except per share data)

	Three months ended		Nine months ended	
	June 30,		June 30,	
	2005(1)	2004(1)	2005(2)	2004(2)
Revenue:				
License	\$ 27,199	\$ 17,298	\$ 74,909	\$ 52,026
Service	480,156	432,926	1,390,394	1,269,251
	<u>507,355</u>	<u>450,224</u>	<u>1,465,303</u>	<u>1,321,277</u>
Operating expenses:				
Cost of license	1,125	1,448	3,278	3,807
Cost of service	324,249	283,109	929,487	833,470
Research and development	31,393	31,665	97,567	92,247
Selling, general and administrative	56,448	52,745	166,000	159,078
	<u>413,215</u>	<u>368,967</u>	<u>1,196,332</u>	<u>1,088,602</u>
Operating income	<u>94,140</u>	<u>81,257</u>	<u>268,971</u>	<u>232,675</u>
Interest income and other, net	4,305	121	14,944	2,899
Income before income taxes	<u>98,445</u>	<u>81,378</u>	<u>283,915</u>	<u>235,574</u>
Income taxes	19,689	17,903	56,783	51,826
Net income	<u>\$ 78,756</u>	<u>\$ 63,475</u>	<u>\$ 227,132</u>	<u>\$ 183,748</u>
Diluted earnings per share	<u>\$ 0.37</u>	<u>\$ 0.29</u>	<u>\$ 1.06</u>	<u>\$ 0.84</u>
Diluted weighted average number of shares outstanding (3)	<u>216,570</u>	<u>222,237</u>	<u>217,608</u>	<u>220,825</u>

- (1) Excludes \$2,078 and \$4,558 for amortization of purchased intangible assets and tax effects related to the above of \$(419) and \$(1,003) for the three months ended June 30, 2005 and 2004, respectively. Including the above items, income before income taxes was \$96,367 and \$76,820, and diluted earnings per share were \$0.36 and \$0.27 for the three months ended June 30, 2005 and 2004, respectively.
- (2) Excludes \$7,875 and \$13,423 for amortization of purchased intangible assets and tax effects related to the above of \$(1,580) and \$(2,953) for the nine months ended June 30, 2005 and 2004, respectively. Including the above items, income before income taxes was \$276,040 and \$222,151, and diluted earnings per share were \$1.03 and \$0.79 for the nine months ended June 30, 2005 and 2004, respectively.
- (3) Diluted weighted average number of shares outstanding for the three months and nine months ended June 30, 2004 were restated, due to the adoption of EITF 04-8, "The Effect of Contingently Convertible Instruments on Diluted Earnings per Share", which requires that prior period earnings per share computations be restated to conform to the new rule. The restatement reduced diluted earnings per share by \$0.01 per share for the three months and nine months ended June 30, 2004.

AMDOCS LIMITED
Condensed Consolidated Balance Sheets

(in thousands)

	As of	
	June 30, 2005 (Unaudited)	September 30, 2004
ASSETS		
Current assets		
Cash, cash equivalents and short-term interest-bearing investments	\$ 1,289,818	\$ 1,190,699
Accounts receivable, net, including unbilled of \$24,789 and \$24,696, respectively	293,097	254,779
Deferred income taxes and taxes receivable	98,771	62,284
Prepaid expenses and other current assets	69,200	80,229
Total current assets	<u>1,750,886</u>	<u>1,587,991</u>
Equipment, vehicles and leasehold improvements, net	173,402	181,121
Goodwill and other intangible assets, net	834,654	854,386
Other noncurrent assets	254,203	240,386
Total assets	<u>\$ 3,013,145</u>	<u>\$ 2,863,884</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accruals	\$ 351,737	\$ 366,363
Short-term portion of capital lease obligations and other financing arrangements	7,365	21,310
Deferred revenue	236,316	223,122
Deferred income taxes and taxes payable	181,186	163,648
Total current liabilities	<u>776,604</u>	<u>774,443</u>
0.50% Convertible notes	450,000	450,000
Noncurrent liabilities and other	210,888	195,251
Shareholders' equity	1,575,653	1,444,190
Total liabilities and shareholders' equity	<u>\$ 3,013,145</u>	<u>\$ 2,863,884</u>