



## Fourth Quarter Results for Fiscal 2005

November 9, 2005

**Amdocs Crosses a Threshold, with Revenue For Fiscal 2005 Exceeding \$2 Billion**

### Key highlights:

- Fourth quarter revenue grew 26.7% to \$573.3 million
- 30.0% increase in fourth quarter diluted EPS, excluding acquisition-related costs and restructuring charges, net of related tax effects, to \$0.39; Diluted GAAP EPS of \$0.32
- Improved Amdocs strategic position in the cable broadband and satellite industry with the acquisition of DST Innovis and in China with the purchase of Longshine Information Technology Company
- Free cash flow of \$104.7 million for the quarter
- Fiscal year 2005 revenue of \$2.039 billion, an increase of 14.9% over 2004. Diluted EPS excluding acquisition-related costs and restructuring charges, net of related tax effects, increased by 27.2% to \$1.45; Diluted GAAP EPS was \$1.35
- First quarter fiscal 2006 guidance: Expected revenue of approximately \$585 million and diluted EPS of \$0.40, excluding acquisition-related costs, net of related tax effects, and approximately \$0.04-\$0.05 per share of employee equity-based compensation expense. Diluted GAAP EPS is expected to be approximately \$0.33-\$0.34
- Fiscal 2006 guidance: Expected revenue of approximately \$2.40-\$2.47 billion and diluted EPS of \$1.65-\$1.70, excluding acquisition-related costs, net of related tax effects, and approximately \$0.16-\$0.20 per share of employee equity-based compensation expense. Diluted GAAP EPS is expected to be approximately \$1.37-\$1.44

St. Louis, MO – November 9, 2005 – Amdocs Limited (NYSE: DOX) today reported that for the fourth quarter ended September 30, 2005, revenue was \$573.3 million, representing sequential growth of 13.0% and an increase of 26.7% from last year's fourth quarter. Excluding acquisition-related costs, which includes amortization of purchased intangible assets, in-process research and development write-off and other acquisition related costs, and excluding restructuring charges, net of related tax effects, of \$16.1 million, net income was \$83.9 million, or \$0.39 per diluted share, compared to net income, excluding \$3.5 million of acquisition-related costs net of related tax effects, of \$65.1 million, or \$0.30 per diluted share, in the fourth quarter of fiscal 2004. The Company's net income was \$67.8 million, or \$0.32 per diluted share, compared to net income of \$61.6 million, or \$0.29 per diluted share, in the fourth quarter of fiscal 2004. Free cash flow, defined as cash flow from operations less net capital expenditures and principal payments on capital leases, was \$104.7 million in the quarter.

"This was a very good quarter for Amdocs, as we achieved excellent financial results and strengthened our strategic position," said Dov Baharav, Chief Executive Officer of Amdocs Management Limited. "This quarter was marked by industry developments that underscore the need for service providers to move toward integrated customer management (ICM) and a demand for solutions to help accomplish this. These developments are accelerating -- as we anticipated -- and include continued consolidation to fewer, larger players. We are also seeing service providers move aggressively to build an IP environment in order to launch new content and IP services, such as "quadruple play" bundles of wireline and wireless voice, video and data. In addition, the telecommunications, broadband cable and satellite industries are rapidly converging."

"We are the leading provider of systems to the telecom market, and through our acquisition of DST Innovis to broadband cable and satellite companies as well, just as these companies begin to transform themselves. Amdocs' strengths include our ability to handle complex projects and to support leading service providers with large customer bases and high-volume transactions, combined with products and services that are designed to enable ICM. This positions Amdocs to benefit from the market transformation and to enjoy growth in 2006 and beyond," Baharav continued.

The sales activity during the fourth quarter included expanding the relationship with a major European wireline carrier to provide significant additional services over the next several years, as this carrier moves to ICM. The Company is in the initial stages of installing a converged pre-paid and post-paid billing system for an existing wireless customer in the Americas. Amdocs also won a major project to provide software and services to enable a leading wireless carrier to manage its customer base on a nationwide basis.

In July, Amdocs completed the acquisition 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. The acquisition propelled Amdocs into a leadership position in the broadband cable and satellite industry. As a result, some of the largest companies in this industry, including DIRECTV, Comcast and Cablevision, are now Amdocs customers, with about 37 million subscribers worldwide.

Amdocs also solidified its entry into the fast-growing China market. The Company completed the acquisition of Longshine Information Technology Company Ltd., a privately-held, leading vendor of customer care and billing software in China, 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. Longshine counts three of China's four largest communications service providers among its customers and is present in more than 15 provinces across China.

During the fourth quarter, Amdocs recorded charges totaling \$4.5 million for the write-off of in-process R&D and other acquisition-related costs. In conjunction with these acquisitions, Amdocs implemented a series of measures designed to align its operational structure to its growth, which resulted in a restructuring charge of \$8.1 million in the fourth quarter, primarily related to severance costs.

The Company also noted that for the fiscal year ended September 30, 2005, revenue increased by 14.9% to \$2.039 billion. Excluding acquisition-related costs and restructuring charges, net of tax effects, of \$22.4 million in fiscal 2005 and acquisition-related costs, net of related tax effects, of \$14.0 million in fiscal 2004, net income for fiscal 2005 increased by 25.0% to \$311.0 million, while diluted earnings per share increased by 27.2% to \$1.45. The Company's results for fiscal 2005 showed GAAP net income of \$288.6 million, or \$1.35 per diluted share, compared to GAAP net income of \$234.9 million, or \$1.08 per diluted share, in fiscal 2004.

### **Financial Outlook**

Amdocs expects that revenue for the first quarter of fiscal 2006 ending December 31, 2005, will be approximately \$585 million. Diluted earnings per share for the quarter are expected to be \$0.40, excluding acquisition-related costs, net of related tax effects, and the impact of approximately \$0.04-\$0.05 per share of employee equity-based compensation expenses. Diluted GAAP EPS is expected to be approximately \$0.33-\$0.34.

Fiscal 2006 guidance: Expected revenue of approximately \$2.40-\$2.47 billion and diluted EPS of \$1.65-\$1.70, excluding acquisition-related costs, net of related tax effects, and approximately \$0.16-\$0.20 per share of employee equity-based compensation expense. Diluted GAAP EPS is expected to be approximately \$1.37-\$1.44.

Amdocs will host a conference call on November 9, 2005 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.vcall.com](http://www.vcall.com) and the Amdocs website, [www.amdocs.com](http://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 the 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](http://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 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, broadband cable and satellite and IP business markets, 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. 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, May 16 and August 15, 2005.

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

	Three months ended September 30,		Twelve months ended September 30,	
	2005	2004	2005	2004
Revenue:				
License	\$ 25,135	\$ 24,560	\$ 100,044	\$ 76,586
Service	548,183	427,895	1,938,577	1,697,146
	<u>573,318</u>	<u>452,455</u>	<u>2,038,621</u>	<u>1,773,732</u>
Operating expenses:				
Cost of license	805	1,215	4,083	5,022
Cost of service	362,085	284,340	1,291,572	1,117,810
Research and development	46,890	34,160	144,457	126,407
Selling, general and administrative	66,066	51,306	232,066	210,384
Amortization of purchased intangible assets	7,481	4,486	15,356	17,909
Restructuring charges, in-process research and development and other acquisition related costs	12,585	--	12,585	--
	<u>495,922</u>	<u>375,507</u>	<u>1,700,129</u>	<u>1,477,532</u>
Operating income	77,396	76,948	338,492	296,200
Interest income and other, net	7,359	2,004	22,303	4,903
Income before income taxes	84,755	78,952	360,795	301,103
Income taxes	16,966	17,370	72,159	66,243
Net income	<u>\$ 67,799</u>	<u>\$ 61,582</u>	<u>\$ 288,636</u>	<u>\$ 234,860</u>
Basic earnings per share	<u>\$ 0.34</u>	<u>\$ 0.30</u>	<u>\$ 1.44</u>	<u>\$ 1.13</u>
Diluted earnings per share(2)	<u>\$ 0.32</u>	<u>\$ 0.29</u>	<u>\$ 1.35</u>	<u>\$ 1.08</u>
Basic weighted average number of shares outstanding	<u>199,749</u>	<u>203,713</u>	<u>201,023</u>	<u>208,726</u>
Diluted weighted average number of shares outstanding (1)	<u>215,822</u>	<u>218,664</u>	<u>217,162</u>	<u>220,285</u>

- (1) Diluted weighted average number of shares outstanding for the three months and twelve months ended September 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 and \$0.02 per share for the three and twelve months ended September 30, 2004, respectively.
- (2) To reflect the impact of assumed conversion of the convertible notes, \$984 and \$3,939, representing interest expense and amortization of issuance costs, were added back to net income for the three and twelve months ended September 30, 2005, respectively, and \$996 and \$2,296 were added back to net income for the three and twelve months ended September 30, 2004, respectively, for the purpose of computing diluted earnings per share.

**AMDOCS LIMITED**  
**Consolidated Statements of Income**  
**Excluding Amortization of Purchased Intangible Assets, Restructuring Charges,**  
**In-Process Research and Development, Other Acquisition Related Costs**  
**and Related Tax Effects**  
(in thousands, except per share data)

	Three months ended September 30,		Twelve months ended, September 30,	
	2005(1)	2004(1)	2005(2)	2004(2)
Revenue:				
License	\$ 25,135	\$ 24,560	\$ 100,044	\$ 76,586
Service	548,183	427,895	1,938,577	1,697,146
	<u>573,318</u>	<u>452,455</u>	<u>2,038,621</u>	<u>1,773,732</u>
Operating expenses:				
Cost of license	805	1,215	4,083	5,022
Cost of service	362,085	284,340	1,291,572	1,117,810
Research and development	46,890	34,160	144,457	126,407
Selling, general and administrative	66,066	51,306	232,066	210,384
	<u>475,846</u>	<u>371,021</u>	<u>1,672,178</u>	<u>1,459,623</u>
Operating income	97,472	81,434	366,443	314,109
Interest income and other, net	7,359	2,004	22,303	4,903
Income before income taxes	104,831	83,438	388,746	319,012
Income taxes	20,966	18,356	77,749	70,183
Net income	<u>\$ 83,865</u>	<u>\$ 65,082</u>	<u>\$ 310,997</u>	<u>\$ 248,829</u>
Diluted earnings per share (4)	<u>\$ 0.39</u>	<u>\$ 0.30</u>	<u>\$ 1.45</u>	<u>\$ 1.14</u>
Diluted weighted average number of shares outstanding (3)	<u>215,822</u>	<u>218,664</u>	<u>217,162</u>	<u>220,285</u>

- (1) Excludes \$7,481 and \$4,486 for amortization of purchased intangible assets, \$8,135 and \$0 for restructuring charges, \$2,760 and \$0 for write-off of purchased in-process research and development, \$1,700 and \$0 for other acquisition-related costs and tax effects related to the above of \$(4,010) and \$(986) for the three months ended September 30, 2005 and 2004, respectively. Including the above items, income before income taxes was \$84,755 and \$78,952, and diluted earnings per share were \$0.32 and \$0.29 for the three months ended September 30, 2005 and 2004, respectively.
- (2) Excludes \$15,356 and \$17,909 for amortization of purchased intangible assets, \$8,135 and \$0 for restructuring charges, \$2,760 and \$0 for write-off of purchased in-process research and development, \$1,700 and \$0 for other acquisition-related costs and tax effects related to the above of \$(5,590) and \$(3,940) for the twelve months ended September 30, 2005 and 2004, respectively. Including the above items, income before income taxes was \$360,795 and \$301,103, and diluted earnings per share were \$1.35 and \$1.08 for the twelve months ended September 30, 2005 and 2004, respectively.
- (3) Diluted weighted average number of shares outstanding for the three months and twelve months ended September 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 and \$0.02 per share for the three months and twelve months ended September 30, 2004, respectively.
- (4) To reflect the impact of assumed conversion of the convertible notes, \$984 and \$3,939, representing interest expense and amortization of issuance costs, were added back to net income for the three and twelve months ended September 30, 2005, respectively, and \$995 and \$2,296 were added back to net income for the three and twelve months ended September 30, 2004, respectively, for the purpose of computing diluted earnings per share.

**AMDOCS LIMITED**  
**Condensed Consolidated Balance Sheets**  
(in thousands)

	As of	
	September 30, 2005	September 30, 2004
<b>ASSETS</b>		
Current assets		
Cash, cash equivalents and short-term interest-bearing investments	\$ 1,145,563	\$ 1,190,699
Accounts receivable, net, including unbilled of \$28,994 and \$24,696, respectively	304,237	254,779
Deferred income taxes and taxes receivable	101,162	62,284
Prepaid expenses and other current assets	76,780	80,229
Total current assets	<u>1,627,742</u>	<u>1,587,991</u>
Equipment, vehicles and leasehold improvements, net	181,812	181,121
Goodwill and other intangible assets, net	1,129,258	854,386
Other noncurrent assets	263,656	240,386
Total assets	<u>\$ 3,202,468</u>	<u>\$ 2,863,884</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current Liabilities		
Accounts payable and accruals	\$ 462,276	\$ 366,363
Short-term portion of capital lease obligations and other financing arrangements	8,480	21,310
Deferred revenue	216,770	223,122
Deferred income taxes and taxes payable	171,377	163,648
Total current liabilities	<u>858,903</u>	<u>774,443</u>
0.50% Convertible notes	450,000	450,000
Noncurrent liabilities and other	237,113	195,251
Shareholders' equity	1,656,452	1,444,190
Total liabilities and shareholders' equity	<u>\$ 3,202,468</u>	<u>\$ 2,863,884</u>