



Third Quarter Results for Fiscal 2004

July 21, 2004

Key highlights:

- Revenue of \$450.2 million, in line with guidance
- Sequential revenue growth of 1.7%
- Proforma EPS increases 30.4% to \$0.30, in line with guidance
- Diluted GAAP EPS of \$0.28
- Fourth quarter fiscal 2004 guidance: Expected revenue of \$452 million and proforma EPS of \$0.30. Diluted GAAP EPS results expected to be \$0.01-\$0.02 less than proforma EPS.

St. Louis, MO - July 21, 2004 - Amdocs Limited (NYSE: DOX) today reported that for the third quarter ended June 30, 2004, revenue was \$450.2 million, representing sequential growth of 1.7% and an increase of 19.4% from last year's third quarter. Excluding acquisition-related costs and related tax effects, net income was \$63.5 million, or \$0.30 per diluted share, and increased by \$12.6 million, or 24.9%, when compared to net income excluding acquisition-related costs and related tax effects of \$50.8 million, or \$0.23 per diluted share, in the third quarter of fiscal 2003. The Company's GAAP net income was \$59.9 million, or \$0.28 per diluted share, compared to net income of \$47.4 million, or \$0.21 per diluted share, in the third quarter of fiscal 2003.

Dov Baharav, Chief Executive Officer of Amdocs Management Limited, said, "We are pleased to report solid results this quarter, which was highlighted by the continued strengthening of our relationships with some of our key Tier One customers. While the market has not grown at the rate expected, we continue to produce improved results, driven by our ability to expand market share."

Baharav added, "There have been some very important developments for Amdocs with key customers. As we recently announced, Amdocs and Vodafone signed a long-term framework agreement positioning Amdocs as a strategic global billing solutions provider for Vodafone worldwide. At Bell Canada, we converted Bell Mobility to the Amdocs system and completed the project roadmap as planned.

"Amdocs should achieve very modest growth in the coming quarters," Baharav continued. "Amdocs' ability to offer solutions that enable communications service providers to move toward integrated customer management is becoming a compelling value proposition for our customers. By leveraging our competitive offering, we are confident that we can continue to gain market share. Looking further ahead, our market leadership, together with our expanding relationships with strategic customers, create a firm basis for accelerated quarterly growth in the future."

Sales Highlights

During the third quarter, our new business included eight new key wins, highlighted below.

- Amdocs had two system integration wins as part of its initiative to expand its services activities in this area. First, Vodafone Hungary has selected Amdocs as the system integrator to provide a turnkey billing project implementation based on the Amdocs Enabler billing product and including consulting, program management, product implementation and configuration, migration and conversion, testing, training and business processes integration services. In addition, we have been requested by one of our existing customers in North America to provide an expanded set of system integration services including program management and implementation support.
- For ASTRO ALL ASIA NETWORK plc's MEASAT Broadcast Network Systems (Astro), a Malaysian satellite-based PayTV multimedia group, Amdocs will implement its next-generation consolidated Subscriber Management System including billing, customer relationship management (CRM) and order management solution. Using Amdocs Enabler and Amdocs ClarifyCRM will enable Astro to seamlessly link all customer-facing processes to build stronger, more profitable customer relationships and improve service delivery to its more than 1.5 million subscribers, while lowering costs.

- Two communications providers in Europe have selected Amdocs to implement the Amdocs Partner Relationship Management (PRM) product for managing relationships with content and interconnect partners. These wins are a continuation of our success in the PRM market, driven by the increased utilization of content and data services.
- At one of our major customers, Amdocs is implementing a billing consolidation solution. The project, which builds on our strong relationship with this customer, is an integrated customer management initiative, designed to reduce system costs, while enabling our customer to offer bundled service packages and an integrated view of its customers' activities across multiple lines of business.
- Amdocs will be implementing the Amdocs Xacct mediation platform supporting voice mediation for a communications provider in Europe.
- For a major communications provider in Latin America, Amdocs will be upgrading the existing Amdocs ClarifyCRM platform to ClarifyCRM 12. ClarifyCRM 12 enables businesses to create a more intelligent contact center, helping companies deliver pertinent information at the right time to contact center agents.

Operating and Financial Highlights

During the third quarter:

- Amdocs has completed implementation of the final and largest component of Bell Canada's billing modernization project: the conversion of Bell Mobility's more than 4.7 million subscribers and 4,000 system users to the Amdocs billing solution. This was a massive undertaking, completed in a challenging environment of rapid growth, with Bell Mobility more than doubling its customer base since the project began. The project's completion will help Bell Canada simplify its billing operations across multiple lines of business. Amdocs is now working to complete the normalization of the system and will continue to provide Bell Canada with comprehensive managed services under the existing 10-year agreement.
- At mobilkom austria, the leading wireless service provider in Austria, Amdocs completed the successful deployment of Amdocs ClarifyCRM ClearSales. The integration of ClarifyCRM sales functionality with its Amdocs billing and CRM solution provides mobilkom austria with complete visibility across its entire sales process. This deployment builds on mobilkom austria's long-term relationship with Amdocs and marks an important milestone in its move towards a true integrated customer management approach.
- On June 1, 2004, Amdocs announced that it repurchased substantially all of its outstanding 2% Convertible Notes due June 1, 2008. Payment of \$395.1 million for the notes was made with available cash.
- Free cash flow, defined as cash flow from operations less net capital expenditures and payments on capital leases, was \$59 million in the quarter.

Financial Outlook

Amdocs expects that revenue for the fourth quarter ending September 30, 2004, will be approximately \$452 million. Proforma earnings per share for the quarter are expected to be \$0.30, excluding acquisition-related costs and related tax effects. Diluted GAAP earnings per share for the quarter are expected to be between \$0.01-\$0.02 less than proforma EPS.

Amdocs will host a conference call on July 21, 2004 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 products and services with deep business knowledge to deliver true integrated customer management to the world's leading telecommunications services companies. Our best-in-class billing and CRM products seamlessly link all customer-facing business processes - marketing, sales, ordering, delivery, fulfillment, billing, settlement, service, support, and analytics - resulting in stronger, more profitable customer relationships. Amdocs enables its customers to implement their business strategy with rapid return on investment, lower total cost of ownership and improved operational efficiencies. For more information, visit Amdocs at www.amdocs.com.

Cautionary statements

Investors are cautioned that this press release contains proforma information that is not prepared in accordance with GAAP. Investors should not construe the proforma financial measures as being superior to GAAP. The Company's management uses proforma financial information in its internal analysis because it enables the management to consistently analyze the critical components and results of operations and to have a meaningful comparison to prior periods. The Company's management believes that such measures provide useful information to investors for meaningful comparison to prior periods and analysis of the critical components and results of operations.

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 segments, 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 24, 2003 and our Form 6-K filed on June 10, 2004.

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AMDOCS LIMITED

Pro forma Consolidated Statements of Income

Excluding Restructuring Charges,
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,	
	2004 (1)	2003 (1)	2004 (2)	2003 (2)
Revenue:				
License	\$ 17,298	\$ 11,491	\$ 52,026	\$ 51,176
Service	432,926	365,677	1,269,251	1,020,392
	<u>460,224</u>	<u>377,168</u>	<u>1,321,277</u>	<u>1,071,568</u>
Operating expenses:				
Cost of license	1,448	1,455	3,807	4,137
Cost of service	283,109	230,323	833,470	646,389
Research and development	31,665	29,941	92,247	88,888
Selling, general and administrative	52,746	50,943	159,078	153,644
	<u>368,967</u>	<u>312,662</u>	<u>1,088,602</u>	<u>893,058</u>
Operating income	<u>81,257</u>	<u>64,506</u>	<u>232,675</u>	<u>178,510</u>
Interest income and other, net	121	3,269	2,899	12,432
Income before income taxes	<u>81,378</u>	<u>67,775</u>	<u>235,574</u>	<u>190,942</u>
Income taxes	17,903	16,945	51,826	47,737
Net income	<u>\$ 63,475</u>	<u>\$ 50,830</u>	<u>\$ 183,748</u>	<u>\$ 143,205</u>
Diluted earnings per share	<u>\$ 0.30</u>	<u>\$ 0.23</u>	<u>\$ 0.85</u>	<u>\$ 0.65</u>
Diluted weighted average number of shares outstanding	<u>211,801</u>	<u>220,792</u>	<u>216,186</u>	<u>218,953</u>

- (1) Excludes \$4,558 and \$4,524 for amortization of purchased intangible assets and tax effects related to the above of \$(1,003) and \$(1,132) for the three months ended June 30, 2004 and 2003, respectively. Including the above items, income before income taxes was \$76,820 and \$63,251, and diluted earnings per share were \$0.28 and \$0.21 for the three months ended June 30, 2004 and 2003, respectively.
- (2) Excludes \$13,423 and \$14,303 for amortization of purchased intangible assets, \$0 and \$9,956 of restructuring charges related to cost reduction measures, and tax effects related to the above of \$(2,953) and \$(6,066) for the nine months ended June 30, 2004 and 2003, respectively. Including the above items, income before income taxes was \$222,151 and \$166,683, and diluted earnings per share were \$0.80 and \$0.57 for the nine months ended June 30, 2004 and 2003, respectively.

AMDOCS LIMITED

Consolidated Statements of Income

(in thousands, except per share data)

	Three months ended June 30,		Nine months ended June 30,	
	2004	2003	2004	2003
Revenue:				
License	\$ 17,298	\$ 11,491	\$ 52,026	\$ 51,176
Service	432,926	365,677	1,269,251	1,020,392
	<u>460,224</u>	<u>377,168</u>	<u>1,321,277</u>	<u>1,071,568</u>
Operating expenses:				
Cost of license	1,448	1,455	3,807	4,137
Cost of service	283,109	230,323	833,470	646,389
Research and development	31,665	29,941	92,247	88,888
Selling, general and administrative	52,746	50,943	159,078	153,644
Amortization of purchased intangible assets	4,558	4,524	13,423	14,303
Restructuring charges	--	--	--	9,956
	<u>373,525</u>	<u>317,186</u>	<u>1,102,025</u>	<u>917,317</u>
Operating income	<u>76,699</u>	<u>59,982</u>	<u>219,252</u>	<u>154,251</u>
Interest income and other, net	121	3,269	2,899	12,432
Income before income taxes	<u>76,820</u>	<u>63,251</u>	<u>222,151</u>	<u>166,683</u>
Income taxes	16,900	15,813	48,873	41,671
Net income	<u>\$ 59,920</u>	<u>\$ 47,438</u>	<u>\$ 173,278</u>	<u>\$ 125,012</u>
Basic earnings per share	<u>\$ 0.29</u>	<u>\$ 0.22</u>	<u>\$ 0.82</u>	<u>\$ 0.58</u>
Diluted earnings per share	<u>\$ 0.28</u>	<u>\$ 0.21</u>	<u>\$ 0.80</u>	<u>\$ 0.57</u>
Basic weighted average number of shares outstanding	<u>206,093</u>	<u>215,938</u>	<u>210,409</u>	<u>215,786</u>
Diluted weighted average number of shares outstanding	<u>211,801</u>	<u>220,792</u>	<u>216,186</u>	<u>218,953</u>

AMDOCS LIMITED

Condensed Consolidated Balance Sheets

(in thousands)

	As of	
	June 30, 2004	September 30, 2003
ASSETS		
Current assets		
Cash, cash equivalents and short-term interest-bearing investments	\$ 1,228,225	\$ 1,290,892
Accounts receivable, net, including unbilled of \$16,086 and \$16,072, respectively	270,560	198,274
Deferred income taxes and taxes receivable	68,180	60,868
Prepaid expenses and other current assets	66,769	85,902
Total current assets	1,633,734	1,635,936
Equipment, vehicles and leasehold improvements, net	174,801	203,467
Goodwill and other intangible assets, net	856,259	855,975
Other noncurrent assets	233,178	182,139
Total assets	\$ 2,897,972	\$ 2,877,517
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accruals	\$ 361,543	\$ 331,196
Short-term portion of capital lease obligations and other financing arrangements	21,939	29,319
2% Convertible notes	--	400,454
Deferred revenue	230,952	174,616
Deferred income taxes and taxes payable	161,376	133,002
Total current liabilities	775,810	1,068,587
0.50% Convertible notes	450,000	--
Noncurrent liabilities and other	189,201	217,330
Shareholders' equity	1,482,961	1,591,600
Total liabilities and shareholders' equity	\$ 2,897,972	\$ 2,877,517